

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
APRIL 25, 2018
APPLICATION SUMMARY**

NAME OF PROJECT: Unity Psychiatric Services Clarksville, LLC

PROJECT NUMBER: CN1801-005

ADDRESS: 930 Professional Park Drive
Clarksville, TN (Montgomery County), TN 37040

LEGAL OWNER: American Health Companies, Inc.
1971 Tennessee Avenue North
Parsons, TN 38363-5094

OPERATING ENTITY: Tennessee Health Management, Inc.
1971 Tennessee Avenue North
Parsons, TN 38363-5094

CONTACT PERSON: Christopher C. Puri
(615) 252-4643

DATE FILED: January 11, 2018

PROJECT COST: \$12,746,500

FINANCING: Cash Reserves

REASON FOR FILING: Establishment of a new 48 bed adult mental health hospital and initiation of inpatient psychiatric services

DESCRIPTION:

Unity Psychiatric Services Clarksville, LLC proposes to construct a 48 bed inpatient mental health hospital licensed by the Tennessee Department of Mental Health and Substance Abuse Services that will serve adult patients between the ages of 18 and 64. Although planned to be located adjacent to the existing building which houses the 26 bed geriatric psychiatric hospital Behavioral Healthcare Center at Clarksville, the applicant will be separately licensed, and there will be no shared physical space between the existing geriatric mental health hospital and the proposed project. However, the applicant will share the

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following services with the Behavioral Healthcare Center at Clarksville: food preparation and dietary services, transportation services, software services including electronic record, and therapy services.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

Psychiatric Inpatient Services

A. Need

1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).

See below

2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.

2017 Population-Service Area (TN Counties)

Age 65+ 138,454 X 30 beds/100,000 = 41.5 beds

2021 Population-Service Area (TN Counties)

Age 65+ 233,652 X 30 beds/100,000 = 47.6 beds

3. **SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW**

Psychiatric Inpatient Services

Standards and Criteria

1. Determination of Need: The population-based estimate of the total need for psychiatric inpatient services is a guideline of 30 beds per 100,000 general population, using population estimates prepared by the TDH and applying the applicable data in the Joint Annual Report (JAR). These estimates represent gross bed need and shall be adjusted by subtracting the existing applicable staffed beds including certified beds in outstanding CONs operating in the area as counted by the TDH in the JAR. For adult programs, the age group of 18-64 years shall be used in calculating the estimated total number of beds needed; additionally, if an applicant proposes a geriatric psychiatric unit, the age range 65+ shall be used. For child inpatients, the age group is 12 and under, and if the program is for adolescents, the age group of 13-17 shall be

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used. The HSDA may take into consideration data provided by the applicant justifying the need for additional beds that would exceed the guideline of 30 beds per 100,000 general population. Special consideration may be given to applicants seeking to serve child, adolescent, and geriatric inpatients. Applicants may demonstrate limited access to services for these specific age groups that supports exceeding the guideline of 30 beds per 100,000 general population. An applicant seeking to exceed this guideline shall utilize TDH and TDMHSAS data to justify this projected need and support the request by addressing the factors listed under the criteria "Additional Factors".

	Population 2020	Gross Need Pop. X (30 beds/100,000)	Current licensed beds	Net Need
	Adults 18-64	Adults 18-64	Adults 18-64	Adults 18-64
Proposed Primary Service Area	157,903	47.4	0	47
Proposed Secondary Service Area	51,589	15.5	22	-7
Total	209,492	62.9	22	+40.9

According to the TDMHSAS Report, there are no licensed inpatient psychiatric inpatient beds in the primary service area for ages 18-64. The psychiatric bed formula indicates a 2020 gross psychiatric bed need of 47.4 beds for ages 18-64 in the primary service area consisting of Montgomery, Houston, Stewart, and Humphreys Counties.

However, in the secondary service area consisting of Dickson and Henry Counties, the psychiatric bed formula indicates a 2020 gross psychiatric bed need of 15.5 beds for ages 18-64. With 22 adult licensed psychiatric beds at Henry County Medical Center (Henry County), the result is a net bed surplus of 7 beds in the secondary service area.

The applicant expects to serve 201 patients (23.5% of projected admissions in Year One) from the Kentucky counties of Christian, Trigg, and Todd Counties. The proposed facility is planned to be 7 miles from the Kentucky/Tennessee state line. There are no private inpatient mental health hospitals in the three county area, however, state operated Western State Hospital is located in Hopkinsville (Christian County), KY.

Note to Agency members: According to the State of Kentucky Cabinet for Health and Family Services web-site, Western State Hospital is licensed for 495 inpatient psychiatric beds. It is assumed the projected

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201 patients in Year One from Kentucky would be voluntary inpatient admissions, since involuntary admissions are not transported by law enforcement across state lines. According to the United State Census Web-site, as of July 1, 2017, the total population of the proposed Kentucky service area is estimated at 97,103 residents (Trigg County-14,444; Christian County-70,416; and Todd County-12,243).

When considering the 18-64 age group, it appears that this criterion has been met for the primary service area, but not met for the Tennessee secondary service area. The 18-64 adult bed need is 47 in the proposed primary 4 county service area and -7 in the proposed two county secondary service area resulting in the 40.9 bed net need in the total 6 county proposed service area.

2. Additional Factors: An applicant shall address the following factors:

- a. The willingness of the applicant to accept emergency involuntary and non-emergency indefinite admissions;

The applicant plans to accept involuntary admissions.

- b. The extent to which the applicant serves or proposes to serve the TennCare population and the indigent population;

In Year One the payor mix is 26% TennCare (\$3,550,248) and 2% (\$273,096) Charity Care.

- c. The number of beds designated as "specialty" beds (including units established to treat patients with specific diagnoses);

Not applicable.

- d. The ability of the applicant to provide a continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do;

When warranted, the applicant plans to refer patients to other providers who can provide outpatient psychiatric services. However, less restrictive alternatives to inpatient psychiatric services such as intensive outpatient treatment (IOP) and partial hospitalization psychiatric services are not available in the 4 county primary service area. If approved, the applicant plans to offer IOP and partial hospitalization psychiatric care once the inpatient psychiatric unit is established.

It appears that this criterion has been met.

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e. Psychiatric units for patients with intellectual disabilities;

The applicant does not plan to provide services to patients with intellectual disabilities (ID).

f. Free standing psychiatric facility transfer agreements with medical inpatient facilities;

The applicant plans to have a transfer agreement with Tennova Healthcare- Clarksville (Montgomery County), a 270 licensed bed acute care hospital located less than one-half mile from the applicant's proposed location.

g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and

The applicant will accept involuntary admissions. The applicant will provide services to patients with a co-occurring substance abuse disorder and comorbid medical conditions. However, for patients with comorbid medical conditions, the applicant will require the patient to be medically stable prior to admission.

h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.

The applicant will staff its treatment programs in accordance with the acuity of its patients and their expected lengths of stay.

i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.

Not applicable to the proposed service area.

j. Special consideration shall be given to a service area that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.

The proposed service area does not have a crisis stabilization unit.

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Note to Agency members: The Department of Mental Health and Substance Abuse licensure web-site indicates there are two crisis stabilization units that serve the Middle Tennessee Region: The Mental Health Cooperative (42 miles away) located at 275 Cumberland Bend Nashville (Davidson County) with a capacity of 15 patients, and Plateau Mental Health Center (122 miles away) located at 1200 South Willow Avenue, Cookeville (Putnam County) with a capacity of 10 patients.

3. Incidence and Prevalence: The applicant shall provide information on the rate of incidence and prevalence of mental illness and substance use within the proposed service area in comparison to the statewide rate. Data from the TDMHSAS or the Substance Abuse and Mental Health Services Administration (SAMHSA) shall be utilized to determine the rate. This comparison may be used by the HSDA staff in review of the application as verification of need in the proposed service area.

The applicant utilized data from the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) Behavioral Health Prevalence Dashboard which indicated the following:

2012-2014	Region 5 (26 Middle TN Counties) %	Tennessee %
18+ Any Mental Illness in the past year	20.6%	20.3%
18+ Serious Mental Illness in the past year	4.3%	4.5%

Source: TDMHSAS Web-site

It appears that this criterion has been met.

Note to Agency members: HSDA staff researched data from the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) web-site which indicated the following number of admissions and rate per 1,000 population for the 18+ population that were admitted to TDMHSAS-funded regional mental health institutes and private psychiatric hospitals that contract with TDMHSAS.

Area	Admissions (2016)				# of Admissions
	Admission Rate per 1,000	Bottom 25% Quartile	Between Bottom and Top Quartiles	Top 25% Quartile	
State of Tennessee	2.3				12,284
Region 5 (26 Middle TN Counties)	1.7				2,145
Primary Service Area					
Houston	3.8			X	24
Humphreys	2.4		X		34
Montgomery	1.6		X		225
Stewart	*		*		16
Secondary Service Area					
Dickson	2.5		X		100
Henry	0.9	X			24

*Rates not reported for admission <20

Source: TDMHSAS, 2017 Behavioral Health County and Region Services Data Book, Page 64, Table 49.

As reflected above, 2 of the 4 counties (Houston, Humphreys) in the proposed primary 4 county service area are above the statewide admission rate of 2.3 per 1,000 population for the 18+ population in 2016. Montgomery County (location of the applicant) has the lowest admission rate of 1.6 per 1,000 population in the proposed 4 county primary service area. In the secondary service area Dickson County's rate of 2.5 per 1,000 was above the statewide rate of 2.3 per 1,000 and Henry County rate of 0.9 per 1,000 was below the statewide rate. Three out of four primary service area counties are between the bottom and top quartiles for 2016 admissions.

4. Planning Horizon: The applicant shall predict the need for psychiatric inpatient beds for the proposed first two years of operation.

The 18-64 adult bed need is 47 in the proposed primary 4 county service area and -7 in the proposed two county secondary service area resulting in the 40.9 bed net need in the total 6 county proposed service area.

The applicant provided the following need prediction for Year One (2020) and Year Two (2021) of the proposed project.

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Year	Beds	Patient Days	ADC	% Occupancy
Year 1	48	7,283	20	35%
Year 2	48	10,974	30.1	55.5%

Source: Source: CN1801-005

5. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The proposal's sensitivity and responsiveness to the special needs of the service area shall be considered, including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, other medically underserved populations, and those who need services involuntarily. The applicant may also include information on patient origination and geography and transportation lines that may inform the determination of need for additional services in the region.

The proposed service area includes counties of Dickson, Houston, and Stewart counties that are contiguous to Montgomery County (applicant's location). The proposed 4 county primary and 2 county secondary service areas in Tennessee, and three counties in Kentucky (Christian, Trigg, and Todd) are based on the county origin of patients admitted to BHC-Clarksville's geriatric psychiatric hospital.

6. Composition of Services: Inpatient hospital services that provide only substance use services shall be considered separately from psychiatric services in a CON application; inpatient hospital services that address co-occurring substance use/mental health needs shall be considered collectively with psychiatric services. Providers shall also take into account concerns of special populations (including, e.g., supervision of adolescents, specialized geriatric, and patients with comorbid medical conditions).

The composition of population served, mix of populations, and charity care are often affected by status of insurance, TennCare, Medicare, or TriCare; additionally, some facilities are eligible for Disproportionate Share Hospital payments based on the amount of charity care provided, while others are not. Such considerations may also result in a prescribed length of stay.

In Year One the payor mix is 26% TennCare (\$3,550,248) and 2% (\$273,096) Charity Care.

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7. Patient Age Categorization: Patients should generally be categorized as children (0-12), adolescents (13-17), adults (18-64), or geriatrics (65+). While an adult inpatient psychiatric service can appropriately serve adults of any age, an applicant shall indicate if they plan to only serve a portion of the adult population so that the determination of need may be based on that age-limited population. Applicants shall be clear regarding the age range they intend to serve; given the small number of hospitals who serve younger children (12 and under), special consideration shall be given to applicants serving this age group. Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

The applicant will primarily serve patients ages 18-64 who are appropriate for an adult psychiatric unit.

8. Services to High-Need Populations: Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including patients who are involuntarily committed, uninsured, or low-income.

The applicant will accept involuntary admissions. The applicant anticipates providing \$273,096 in charity care in Year One and in Year Two of the proposed project.

It appears that this criterion has been met.

9. Relationship to Existing Applicable Plans; Underserved Area and Populations: The proposal's relationships to underserved geographic areas and underserved population groups shall also be a significant consideration. The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered. The degree of projected financial participation in the Medicare and TennCare programs shall be considered.

The applicant will accept involuntary admissions. In Year One the payor mix is 26% TennCare (\$3,550,248) and 2% (\$273,096) Charity Care.

It appears that this criterion has been met.

Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall also include how

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the applicant's services may differ from existing services (e.g., specialized treatment of an age-limited group, acceptance of involuntary admissions, and differentiation by payor mix). Accessibility to specific special need groups shall also be discussed in the application.

There are no inpatient psychiatric units that serve patients 18-64 in the primary service area of Montgomery, Houston, Humphreys, and Stewart Counties.

It appears that this criterion has been met.

Note to Agency members: *In the secondary service area of Henry County, Henry County Medical Center located in Paris (Henry County), TN has a 22 bed adult psychiatric unit. According to the 2016 Joint Annual Report, the licensed occupancy of Henry County's inpatient psychiatric unit was 28.1% (21.2% ages 18-64 and 6.9% age 65+) and the unit does not accept involuntary admissions.*

10. Expansion of Established Facility: Applicants seeking to add beds to an existing facility shall provide documentation detailing the sustainability of the existing facility. This documentation shall include financials, and utilization rates. A facility seeking approval for expansion should have maintained an occupancy rate for all licensed beds of at least 80 percent for the previous year. The HSDA may take into consideration evidence provided by the applicant supporting the need for the expansion or addition of services without the applicant meeting the 80 percent threshold. Additionally, the applicant shall provide evidence that the existing facility was built and operates, in terms of plans, service area, and populations served, in accordance with the original project proposal.

Not applicable.

11. Licensure and Quality Considerations: Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LGBT population).

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The applicant will apply for accreditation by the Joint Commission. Patients will be segregated by gender for both sleeping and bathing and will receive culturally competent services.

It appears that this criterion has been met.

12. Institution for Mental Disease Classification: It shall also be taken into consideration whether the facility is or will be classified as an Institution for Mental Disease (IMD). The criteria and formula involve not just the total number of beds, but the average daily census (ADC) of the inpatient psychiatric beds in relation to the ADC of the facility. When a facility is classified as an IMD, the cost of patient care for Bureau of TennCare enrollees aged 21-64 will be reimbursed using 100 percent state funds, with no matching federal funds provided; consequently, this potential impact shall be addressed in any CON application for inpatient psychiatric beds.

The applicant will be designated as an IMD since the applicant will be primarily serving TennCare enrollees ages 21-64.

13. Continuum of Care: Free standing inpatient psychiatric facilities typically provide only basic acute medical care following admission. This practice has been reinforced by Tenn. Code Ann. § 33-4-104, which requires treatment at a hospital or by a physician for a physical disorder prior to admission if the disorder requires immediate medical care and the admitting facility cannot appropriately provide the medical care. It is essential, whether prior to admission or during admission that a process be in place to provide for or to allow referral for appropriate and adequate medical care. However, it is not effective, appropriate, or efficient to provide the complete array of medical services in an inpatient psychiatric setting.

The applicant anticipates providing psychiatric services only after medical conditions have been treated. If needed, patients will be referred to Tennova Healthcare-Clarksville (Montgomery County) if medical treatment is required.

14. Data Usage: The TDH and the TDMHSAS data on the current supply and utilization of licensed and CON-approved psychiatric inpatient beds shall be the data sources employed hereunder, unless otherwise noted. The TDMHSAS and the TDH Division of Health Licensure and Regulation have data on the current number of licensed beds. The applicable TDH JAR provides data on the number of beds in operation. Applicants should utilize data from both sources in order to provide an accurate bed inventory.

There are no existing adult (18-64) licensed beds in the proposed service area. However,

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there is a 22 bed adult psychiatric unit at Henry County Medical Center located in the proposed secondary service area. The applicant utilized existing TDH and TDMHSAS data in the preparation of the application.

It appears that this criterion has been met.

15. Adequate Staffing: An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project.

However, when considering applications for expansions of existing facilities, the HSDA may determine whether the existing facility's staff would continue without significant change and thus would be sufficient to meet this standard without a demonstration of efforts to recruit new staff.

The project will require 45.87 direct patient care FTEs. The applicant attested that all licensing and accrediting agency staffing requirements will be met. A staffing table is located on page 28 of the application.

It appears that this criterion has been met.

16. Community Linkage Plan: The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/ services and working agreements with other related community services assuring continuity of care (e.g., agreements between freestanding psychiatric facilities and acute care hospitals, linkages with providers of outpatient, intensive outpatient, and/ or partial hospitalization services). If they are provided, letters from providers (e.g., physicians, mobile crisis teams, and/ or managed care organizations) in support of an application shall detail specific instances of unmet need for psychiatric inpatient services. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

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The applicant has a community linkage plan which connects patients to the appropriate available resource upon discharge.

It appears that this criterion has been met.

17. Access: The applicant must demonstrate an ability and willingness to serve equally all of the patients related to the application of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed service area.

The applicant notes there are no adult-psychiatric services available in the proposed primary service area. There is one 22 bed adult psychiatric unit at Henry County Medical Center (Henry County) in the proposed secondary service area; however, the facility does not accept involuntary admissions.

It appears that this criterion has been met.

18. Quality Control and Monitoring: The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. An applicant that owns or administers other psychiatric facilities shall provide information on their surveys and their quality improvement programs at those facilities, whether they are located in Tennessee or not.

The applicant will report required data to HSDA. If approved, the applicant will incorporate existing data reporting, quality improvement, and outcome and process monitoring systems into the proposed project. The applicant manages five gero-psychiatric facilities Huntsville, AL and Columbia, Martin, Memphis, and Clarksville, TN and has included their surveys in the attachments.

It appears that this criterion has been met.

19. Data Requirements: Applicants shall agree to provide the TDH, the TDMHSAS, and/ or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

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The applicant agrees to provide all reasonably requested information.

It appears that this criterion has been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a “Note to Agency members” in bold italic.

Application Synopsis

As mentioned earlier, Unity Psychiatric Services Clarksville, LLC proposes to establish a 48 bed inpatient adult psychiatric mental health hospital that will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services to serve adult patients between the ages of 18 and 64. The applicant’s facility will be managed by Tennessee Health Management, Inc. (THM) which is wholly owned by the applicant’s parent company, American Health Companies (AHC).

The projected completion date of the proposed project is November 2019.

Facility Information

- The applicant proposes to construct a 27,743 SF two story freestanding psychiatric hospital consisting of two 11,857 SF patient units, 2,834 SF in support areas, and 1,195 SF for mechanical/electrical areas.
- Each of the proposed two psychiatric units will include 12 semi-private patient rooms, a medication storage room (1), seclusion rooms (2), rooms for group therapy (2), noisy and quiet activity rooms (2 on 1st floor, 3 on 2nd floor), treatment planning area (1), assessment areas and/or consult rooms (2), timeout room (1), and lobby and reception area (1).
- The facility will include 10 specialty beds within a unit that the applicant will designate as a Psychiatric Intensive Care Unit (PICU).
- Please refer to the floor plans in attachment A-6B.2 for additional information.
- A letter dated January 12, 2018 from Johnson, Johnson, Crabtree Architects, P.C. Inc., states the construction project will be designed and built to all applicable State and Federal Regulations (Attachment-Section B-Economic Feasibility-A-5). The architect also states in the letter construction costs of \$9,146,761 is a reasonable projected estimate for the proposed project.

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Ownership

The ownership structure for the applicant is as follows:

- The applicant, Unity Psychiatric Services Clarksville, LLC, is owned by American Health Centers, Inc., a Tennessee based corporation.
- AHC provides a variety of services across five health care categories: skilled nursing and rehabilitation, home health and homecare, hospice and geriatric psychiatric care. A complete listing of 41 entities owned by AHC is located in pages 15-16 in Supplemental #1.
- If approved, the applicant will be managed by Tennessee Health Management, Inc. (THM). THM is owned by AHC, Inc. THM is also the manager of the geriatric psychiatric hospital located adjacent to the planned site for the new hospital.
- THM has managed geriatric psychiatric facilities for over 10 years and currently manages one geriatric psychiatric hospital located in Huntsville, AL (Behavioral Healthcare Center of Huntsville), and four located in Tennessee: Columbia Behavioral Healthcare Center of Columbia, Inc.; Behavioral Healthcare at Martin, LLC; Behavioral Healthcare of Memphis, Inc.; and Behavioral Healthcare of Clarksville, Inc.

NEED**Project Need**

The applicant provides the following need justification in the application:

- The proposed mental health hospital is centrally located in the proposed service area which will reduce travel time for the patient and family.
- Based on the current psychiatric bed need criteria, the defined 4 county primary service area has a net need of an additional 47 adult inpatient beds by 2020.
- There is need for additional inpatient psychiatric beds for the following reasons: 1) the applicant plans to accept involuntary admissions, services that are not provided in the proposed primary or secondary service area, 2) there is a lack of a crisis stabilization unit for adult-psychiatric patients in the proposed service area, and 3) family involvement will be enhanced and local appropriate discharge care will be more accessible.

Service Area Demographics

Unity Psychiatric Services Clarksville, LLC's proposed primary service area includes Montgomery, Houston, Stewart, Humphreys, Henry, and Dickson Counties. The total population of the proposed service area is estimated at 253,916 residents in calendar year (CY) 2018 increasing by approximately 4.0% to 264,364 residents in CY 2022.

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- The total 18-64 age population is estimated at 204,855 residents in CY 2018 increasing approximately 2.2% to 209,502 residents in 2020.
- The total population of the state of Tennessee is expected to grow 1.1% during the same timeframe.
- The 18-64 age population in the state of Tennessee overall is expected to increase 0.5% during the same timeframe.
- In CY 2022 the Age 18-64 population is expected to be equal to 59.6% of the total population of the service area. This compares to the state of Tennessee overall at 59.8%.
- The latest 2018 percentage service area population enrolled in the TennCare program is approximately 19.2%, as compared to the statewide enrollment proportion of 21.0%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization **Primary Service Area**

There are no dedicated private sector psychiatric inpatient hospitals that serve the adult population ages 18-64 in the primary service area. However, Behavioral Healthcare Center of Clarksville's (Montgomery County) 26 bed geriatric inpatient psychiatric unit did provide limited inpatient psychiatric services to the adult 18-64 population. The following table represents Behavioral Healthcare Center of Clarksville's utilization from 2014 to 2016.

Behavioral Healthcare Center of Clarksville
2014-2016 Inpatient Psychiatric utilization

Facility	County	2016 Licensed Beds	Patient Days			Licensed Occupancy			% Change 2014-2016
			2014	2015	2016	2014	2015	2016	
Behavioral Healthcare of Clarksville	Montgomery	26	18-64 yrs. 428	18-64 yrs. 168	18-64 yrs. 392				18-64 yrs. -8.4%
			Ages 65+ 4785	Ages 65+ 3941	Ages 65+ 5,041				Ages 65+ +5.6%
Total		26	5,213	4,109	5,433	54.9%	43.2%	57.2%	+4.2%

Source: Tennessee Department of Health 2014-2016 Joint Annual Reports

- In 2016, 92.8% of Behavioral Healthcare Center of Clarksville's patient days represented adults 65+ and 7.2% of patient days represented adults 18-64.

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- Behavioral Healthcare Center of Clarksville's patient days increased 4.2% from 5,213 in 2014 to 5,433 in 2016.

According to the Department of Mental Health and Substance Abuse's web-site, Middle Tennessee Mental Health Institute (MTMHI), a state operated mental health hospital, offers 4 long-term care units, 3 short-term care units, and a Forensic Services Program for a total of 207 psychiatric beds. MTMHI serves 18 Middle Tennessee counties that include the applicant's four primary service area counties and Dickson County in the proposed secondary service area. Most patients admitted to MTMHI are admitted on an involuntary basis. Since the applicant proposes to accept involuntary admissions, the following table is provided to compare MTMHI 2016 admissions to the applicant's Year One projected admissions from the proposed primary and secondary service area

Note to Agency members: The Tennessee Department of Mental Health's MTMHI web page and the Tennessee Department of Health's Joint Annual Report (JAR) indicate there are 207 inpatient psychiatric beds at MTMHI. However, the Tennessee Department of Mental Health's licensure web-site indicates MTMHI is licensed for 300 beds. It appears 207 beds reported on the JAR are staffed beds.

MTMHI 2016 Admissions compared to Applicant's Year One Projected Admissions

County	MTMHI (2016)		Applicant Year One	
	# of Admissions	% of Admissions	# of Admissions	% of Admissions
Primary Service Area				
Montgomery	219	6%	446	52%
Houston	21	0.57%	43	5%
Humphreys	32	0.88%	34	4%
Stewart	14	0.38%	69	8%
Subtotal	286	7.8%	591	69%
Secondary Service Area				
Dickson	95	2.6%	39	4.6%
Henry	5	0.14%	9	1%
Kentucky	28	0.76%	201	23.5%
Subtotal	128	3.5%	249	29%
Other Counties	3,265	89.6%	17	2%
Total	3,646		857	

Source: 2016 Joint Annual Report and Page 8 of CN1801-005, Supplemental #1.

- A total of 386 patients were transported from the primary and secondary Tennessee service areas to MTMHI in 2016.
- *Note to Agency members: The applicant is projecting 639 patients from the primary and secondary service areas and is proposing to accept involuntary admissions which may reduce future MTMHI short-term inpatient involuntary admissions and transports. The distance one-way from the applicant to MTMHI is 56.7 miles (Source: Bing Maps). The overall occupancy in 2016 was 58.1%. There are four acute care hospitals with psychiatric units in Davidson County that account for 394 beds. Patient origin for these units is not available in the Joint Annual Report.*

The following is MTMHI's inpatient psychiatric utilization from 2014 to 2016.

2014-2016 Regional Area Acute Care Hospitals Inpatient Psychiatric Beds

Facility	County	2016 Licensed Beds	Patient Days			Licensed Occupancy			% Change 2014- 2016
			2014	2015	2016	2014	2015	2016	
MTMHI	Davidson	300	64,670	66,218	63,585	59%	60.5%	58.1%	-1.3%

Source: 2016 TDH Joint Annual Report

- According the Joint Annual Report, 99% of 2016 psychiatric admissions to Middle Tennessee Mental Health Institute were admissions between the ages of 18 and 64 years of age.
- MTMHI's patient days decreased 1.3% from 64,670 in 2014 to 63,585 in 2016.

Secondary Service Area

There is one dedicated private sector psychiatric inpatient hospital that serves the adult population ages 18-64 in the proposed secondary service area. Henry County Medical Center (Henry County) has a dedicated adult-psychiatric unit for ages 18-64, but also provided limited inpatient psychiatric services to the 65+ population. The following table represents Henry County's latest three available year's utilization from 2014 to 2016.

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**Henry County Medical Center
2014-2016 Inpatient Psychiatric utilization**

Facility	County	2016 Licensed Beds	Patient Days			Licensed Occupancy			% Change 2014-2016
			2014	2015	2016	2014	2015	2016	
Henry County Medical Center	Henry	22	18-64 yrs. 1,126	18-64 yrs. 1,418	18-64 yrs. 1,698				18-64 yrs. +50.7%
			Ages 65+ 1,063	Ages 65+ 679	Ages 65+ 559				Ages 65+ -47.4%
Total		22	2,189	2,097	2,257	27.2%	26.1%	28.1%	+3.1%

Source: Tennessee Department of Health 2014-2016 Joint Annual Reports

- In 2016, 75.2% of Henry County Medical Center's inpatient days represented adults 18-64 and 24.8% of patient days represented adults 65+.
- Henry County Medical Center's aged 18-64 patient days increased 50.7% from 1,126 in 2014 to 1,698 in 2016.
- Out of a total of 3,252 admission to Henry County Medical Center's 142 licensed beds (includes acute and psychiatric), the 2016 Joint Annual Report indicated the following admissions from the applicant's four primary service area counties: Montgomery (3); Stewart (132), Houston (14), and Humphreys (22). This equals 5.3% of total admissions.

Applicant Historical and Projected Utilization

Historical Utilization

- As a newly formed limited liability company, the applicant LLC has no prior record of inpatient behavioral health operations.

Applicant Projected Utilization

The break-out of the proposed average daily census (ADC) for Year One and Year Two is noted in the following table:

**Unity Psychiatric Services Clarksville, LLC Projected Utilization
Year One and Year Two**

Variable	2020	2021
Ages 18-64 Psych Licensed Beds	Proposed 48 Beds	Proposed 48 Beds
Ages 18-64 Psych. Admissions	857	1,291
Ages 18-64 Psych. Pat. Days	7,283	10,974
Ages 18-64 Psych ALOS	8.5	8.5
Ages 18-64 Psych ADC	20	30.1
Ages 18-64 % Lic. Occ.	41.6%	62.6%

Source: CN1801-005

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ECONOMIC FEASIBILITY

Project Cost

The anticipated total project cost is \$12,746,500. Major costs are:

- Construction Cost (including contingency)-\$9,878,502, or 77.5% of cost.
- Fixed Equipment- \$1,190,000, or 9.3% of cost.
- Architectural and Engineering Fees Cost - \$892,325 or 7.0% of cost.
- For other details on Project Cost, see the Project Cost in the original application.
- The construction cost is \$329.70 per square foot (/SF). As reflected in the table below, the construction cost is between the median quartile cost of \$289.85/SF and 3rd quartile cost of \$395.94/SF of statewide hospital projects from 2014 to 2016.

**Statewide Hospital Construction Cost per Square Foot
2014-2016**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$160.66/sq. ft.	\$260.18/sq. ft.	\$208.97/sq. ft.
Median	\$218.86/sq. ft.	\$289.85/sq. ft.	\$274.51/sq. ft.
3rd Quartile	\$287.95/sq. ft.	\$395.94/sq. ft.	\$330.50/sq. ft.

Source: HSDA Applicant's Toolbox

Financing

The applicant submitted a letter dated January 15, 2018 from the Chief Financial Officer of American Health Companies confirming the availability of cash reserves to fund the proposed project.

A January 26, 2018 letter from First Bank confirms the availability of cash reserves in excess of \$12,700,000 on deposit to fund the proposed project.

Net Operating Margin Ratio

- The applicant projects a net operating margin ratio for the total facility of 12% in Year 1 and 24% in Year 2.

Note to Agency Members: The net operating margin demonstrates how much revenue is left over after all the variable or operating costs have been paid.

Capitalization Ratio

- Open Arm's capitalization ratio is 61.48%.

Note to Agency Members: The capitalization ratio measures the proportion of debt financing in a business's permanent financing mix.

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Historical Data Chart

- As a newly formed limited liability company, the applicant LLC has no prior record of inpatient behavioral health operations.

Projected Data Chart

The applicant projects \$13,654,800.00 in total gross revenue on 7,283 days during the first year of operation and \$20,575,800 on 10,974 days in Year Two (approximately \$1,875 per day). The Projected Data Chart reflects the following:

- Free Cash Flow (Net Balance + Depreciation) for the applicant will equal \$602,518 in Year One increasing to \$1,460,779 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach \$8,884,885 or approximately 43.2% of total gross revenue in Year Two.

Charges

In Year One of the proposed project, the average charges are as follows:

- The proposed average gross charge is \$1,875/day in 2019.
- The average deduction is \$1,065/day, producing an average net charge of \$809.60/day.

Medicare/TennCare Payor Mix

- The applicant indicates it has plans to contract with all TennCare MCOs available to its service area population: United HealthCare Community Plan, Blue Care/TennCare Select, and AmeriGroup.

Applicant's Payor Mix, Year 1

Payor Source	Gross Revenue Year 1	as a % of Gross Revenue Year 1
Medicare	\$0	0%
TennCare	\$3,550,248	26%
Commercial	\$9,831,456	72%
Self Pay	\$273,096	2%
Charity Care	\$273,096	2%
Other	\$0	0%
Total	\$13,654,800	100%

Source: CN1801-005

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PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- Unity Psychiatric Services Clarksville, LLC plans to be licensed by the Tennessee Department of Mental Health and Substance Abuse Services.
- A copy of the latest Department of Mental Health and Substance Abuse licensure surveys for four Tennessee inpatient geriatric psychiatric facilities managed by the applicant is located in Supplemental #1.

Certification

- The applicant will seek certification from Medicare and TennCare.

Accreditation

- Unity Psychiatric Services Clarksville, LLC plans to apply for accreditation from The Joint Commission.

Other Quality Standards

- In the first supplemental response the applicant commits to obtaining and/or maintaining the following:
 - Staffing levels comparable to the staffing chart presented in the CON application
 - Licenses in good standing
 - TennCare/Medicare certifications
 - Three years compliance with federal and state regulations
 - Has not been decertified in last three years
 - Self-assessment and external peer assessment processes
 - Data reporting, quality improvement, and outcome/process monitoring systems

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant plans to have a transfer agreement with Tennova Healthcare-Clarksville.

Impact on Existing Providers

- The applicant is projecting 639 patients from the primary and secondary service areas and is proposing to accept involuntary admissions which

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may reduce future MTMHI short-term inpatient involuntary admissions and transports.

- There should be minimal impact to Henry County Medical Center's 22 bed adult inpatient psychiatric unit located in Henry County since the applicant is projecting 9 patients from Henry County in Year One.

Staffing

The applicant's proposed Year 1 direct patient care staffing includes the following:

Position	Total
Director of Nursing/CNO	1.0
Nurse Manager	1.0
Nurse Supervisor	2.5
Nurses (RN and LPN)	23.17
Mental Health Technician	10.92
Activity Therapist	2.43
Social Worker	4.85
Total Direct Care	45.87
Total Non-Patient Care Staff	25.84
Total Contractual Staff (Medical Director)	1.0
Total Employees	72.71

Source: CN1801-005, Page 28

The applicant has submitted the required information on corporate documentation and title and deeds. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.

Should the Agency vote to approve this project, the CON would expire in three years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

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CERTIFICATE OF NEED INFORMATION FOR OTHER FACILITIES IN THE SERVICE AREA:

There are no other Letters of Intent, denied, or pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
(4/10/2018)

LETTER OF INTENT

LETTER OF INTENT

The Publication of Intent is to be published in the Tennessean, which is a newspaper of general circulation in the counties of Montgomery, Stewart, Houston, Humphreys, Henry, and Dickson, Tennessee, on or before January 10, 2018 for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Unity Psychiatric Services Clarksville, LLC (a proposed mental health hospital), to be owned by American Health Companies, Inc. (a Tennessee corporation), and to be managed by Tennessee Health Management, Inc. (a Tennessee corporation), intends to file an application for a Certificate of Need to establish a mental health hospital for adult patients, to be located at the southwest corner of the intersection of Chesapeake Lane and Professional Park Drive, adjacent to the existing building which houses Behavioral Healthcare Center at Clarksville at 930 Professional Park Drive, Clarksville, TN 37040 in Montgomery County. The project will be located on a portion of a 3.15 acre parcel identified as Parcel ID 040G A 002.00 000 in the property records of Montgomery County. The estimated project cost is \$12,746,500.00.

The project will seek licensure by the Tennessee Department of Mental Health and Substance Abuse Services as a 48-bed mental health hospital. The project does not initiate or discontinue any other health service and it will not affect any other facility's licensed bed complements.

The anticipated date of filing the application is: January 12, 2018. The contact person for this project is Christopher Puri who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, STE 200 Nashville, 37203 Phone: 615-262-1643; Email: cpuri@bradley.com.

Christopher Puri 1/10/18 cpuri@bradley.com
(Signature) (Date) (E-Mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

(Replacement)

Unity Psychiatric Services Clarksville, LLC

(Copy)

CN1801-005



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

Unity Psychiatric Services Clarksville, LLC

Name

930 Professional Park Drive

Street or Route

Montgomery
County

Clarksville

City

TN

State

Zip Code

Website address: n/a

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Christopher C. Puri

Name

Attorney

Title

Bradley Arant Boult Cummings LLC

Company Name

cpuri@bradley.com

Email address

1600 Division Street, STE 700

Street or Route

Nashville

City

TN

State

37203

Zip Code

Association with Owner

Phone Number

Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

Unity Psychiatric Services Clarksville, LLC

Name

930 Professional Park Drive

Montgomery

Street or Route

County

Clarksville

TN

37040

City

State

Zip Code

Website address: n/a

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Christopher C. Puri

Attorney

Name

Title

Bradley Arant Boult Cummings LLP

cpuri@bradley.com

Company Name

Email address

1600 Division Street, STE 700

Nashville

TN

37203

Street or Route

City

State

Zip Code

Attorney for Project

615-252-4643

615-252-4706

Association with Owner

Phone Number

Fax Number

NOTE: Section A is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on **8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;
- 2) Ownership structure;
- 3) Service area;
- 4) Existing similar service providers;
- 5) Project cost;
- 6) Funding;
- 7) Financial Feasibility including when the proposal will realize a positive financial margin; and
- 8) Staffing.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

- 1) Need;
- 2) Economic Feasibility;
- 3) Appropriate Quality Standards; and
- 4) Orderly Development to adequate and effective health care.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

4. **SECTION A: PROJECT DETAILS****Owner of the Facility, Agency or Institution**

A. American Health Companies, Inc.		731-847-6343
Name		Phone Number
1971 Tennessee Avenue N		Decatur
Street or Route	TN	County
Parsons		38363-5094
City	State	Zip Code

B. Type of Ownership or Control (Check One)

- | | | | |
|---------------------------------|-------|--|-------|
| A. Sole Proprietorship | _____ | F. Government (State of TN or Political Subdivision) | _____ |
| B. Partnership | _____ | G. Joint Venture | XXX |
| C. Limited Partnership | _____ | H. Limited Liability Company | _____ |
| D. Corporation (For Profit) | _____ | I. Other (Specify) | _____ |
| E. Corporation (Not-for-Profit) | _____ | | _____ |

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. **Attachment Section A-4A.**

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

5. Name of Management/Operating Entity (If Applicable)

Tennessee Health Management, Inc.		
Name		Decatur
1971 Tennessee Avenue N		County
Street or Route	TN	38363-5094
Parsons		Zip Code
City	State	
Website address: http://www.thmgt.com/		

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. **For facilities with existing management agreements,** attach a copy of the fully executed final contract. **Attachment Section A-5.**

6A. Legal Interest in the Site of the Institution (Check One)

- | | | | |
|-------------------------|-------|--------------------|------------|
| A. Ownership | _____ | D. Option to Lease | <u>XXX</u> |
| B. Option to Purchase | _____ | E. Other (Specify) | _____ |
| C. Lease of _____ Years | _____ | | |

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

- 1) Plot Plan **must include**:
 - a. Size of site (***in acres***);
 - b. Location of structure on the site;
 - c. Location of the proposed construction/renovation; and
 - d. Names of streets, roads or highway that cross or border the site.
- 2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.
- 3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.

7. Type of Institution (Check as appropriate--more than one response may apply)

- | | | |
|---|-------|---------------------------------------|
| A. Hospital (Specify) _____ | _____ | H. Nursing Home _____ |
| B. Ambulatory Surgical Treatment _____ | _____ | I. Outpatient Diagnostic Center _____ |
| Center (ASTC), Multi-Specialty _____ | _____ | J. Rehabilitation Facility _____ |
| C. ASTC, Single Specialty _____ | _____ | K. Residential Hospice _____ |
| D. Home Health Agency _____ | _____ | L. Nonresidential Substitution- _____ |
| E. Hospice _____ | _____ | Based Treatment Center for _____ |
| F. Mental Health Hospital <u>XXX</u> | _____ | Opiate Addiction _____ |
| G. Intellectual Disability _____ | _____ | M. Other (Specify) _____ |
| Institutional Habilitation Facility _____ | _____ | _____ |
| ICF/IID _____ | _____ | |

Check appropriate lines(s).

8. Purpose of Review (Check appropriate lines(s) – more than one response may apply)

- | | | |
|---|-------|------------------------------------|
| A. New Institution <u>XXX</u> | _____ | F. Change in Bed Complement _____ |
| B. Modifying an ASTC with _____ | _____ | [Please note the type of change |
| limitation still required per CON _____ | _____ | by underlining the appropriate |
| C. Addition of MRI Unit _____ | _____ | response: Increase, Decrease, |
| D. Pediatric MRI _____ | _____ | Designation, Distribution, |
| E. Initiation of Health Care _____ | _____ | Conversion, Relocation] |
| Service as defined in T.C.A. _____ | _____ | G. Satellite Emergency Dept. _____ |
| §68-11-1607(4) _____ | _____ | H. Change of Location _____ |
| (Specify) _____ | _____ | I. Other (Specify) _____ |
| | | _____ |

9. Medicaid/TennCare, Medicare Participation

MCO Contracts [Check all that apply]

XXAmeriGroup XXUnited Healthcare Community Plan XXBlueCare XXTennCare Select

Medicare Provider Number Applicant will apply once approved and constructed

Medicaid Provider Number Applicant will apply once approved and constructed

Certification Type psychiatric hospitals

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare XYes ___No ___N/A Medicaid/TennCare XYes ___No ___N/A

10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric	0	0	48	0	0	48
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
TOTAL	0	0	48	0	0	48

*Beds approved but not yet in service

**Beds exempted under 10% per 3 year provision

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10.**

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

<u>CON Number(s)</u>	<u>CON Expiration Date</u>	<u>Total Licensed Beds Approved</u>
None		

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply:

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Mauzy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

Response: Not Applicable

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage						
					Renovated	New	Total				
Patient Unit "1"						11,857	11,857				
Patient Unit "2"						11,857	11,857				
Support Areas						2,834	2,834				
Mech./Elec.						1,195	1,195				
Unit/Department GSF Sub-Total						27,743	27,743				
Other GSF Total											
Total GSF						27,743	27,743				
*Total Cost						\$9,146,761	\$9,146,761				
**Cost Per Square Foot						\$329.70	\$329.70				
<p>Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)</p>					<input type="checkbox"/> Below 1 st Quartile	<input type="checkbox"/> Below 1 st Quartile	<input type="checkbox"/> Below 1 st Quartile				
					<input type="checkbox"/> Between 1 st and 2 nd Quartile	<input type="checkbox"/> Between 1 st and 2 nd Quartile	<input type="checkbox"/> Between 1 st and 2 nd Quartile				
					<input type="checkbox"/> Between 2 nd and 3 rd Quartile	<input checked="" type="checkbox"/> Between 2 nd and 3 rd Quartile	<input checked="" type="checkbox"/> Between 2 nd and 3 rd Quartile				
					<input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Above 3 rd Quartile				

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator**Response: Not Applicable**

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types: <input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____
	Total Cost*: _____	<input type="checkbox"/> By Purchase
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> MRI	Tesla: _____ Magnet: _____	<input type="checkbox"/> Breast <input type="checkbox"/> Extremity
		<input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____
	Total Cost*: _____	<input type="checkbox"/> By Purchase
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT <input type="checkbox"/> PET/MRI	
	Total Cost*: _____	<input type="checkbox"/> By Purchase
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs) _____

* As defined by Agency Rule 0720-9-.01(13)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.
- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.
- D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	_____	_____
Mobile Locations (Applicant)	_____	_____
(Name of Other Location)	_____	_____
(Name of Other Location)	_____	_____

- E. Identify the clinical applications to be provided that apply to the project.
- F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

Attachment Section A-3-A: Executive Summary

RESPONSE:

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

Unity Psychiatric Services Clarksville, LLC (a proposed mental health hospital) is filing this application to establish a mental health hospital to serve adult psychiatric patients between the ages of 18 and 64. The project will seek licensure by the Tennessee Department of Mental Health and Substance Abuse Services as a 48-bed mental health hospital. The project does not initiate or discontinue any other health service and it will not affect any other facility's licensed bed complements. There are no outstanding but unimplemented certificates of need held by the Applicant.

The proposed facility will be located at the southwest corner of the intersection of Chesapeake Lane and Professional Park Drive, adjacent to the existing building which houses Behavioral Healthcare Center at Clarksville at 930 Professional Park Drive, Clarksville, TN 37040 in Montgomery County. The project will be located on a portion of a 3.15 acre parcel identified as Parcel ID 040G A 002.00 000 in the property records of Montgomery County.

- 2) Ownership structure;

The Applicant is a Tennessee limited liability company and is wholly owned by American Health Centers, Inc., (AHC), a Tennessee based corporation. An organizational chart of the Applicant's current ownership is in Attachment Section A-4A. If approved, the Applicant will enter into a management agreement with Tennessee Health Management, Inc. (THM) (a Tennessee corporation). THM currently manages five (5) geropsychiatric hospitals located in Huntsville, AL and Columbia, Martin, Memphis, and Clarksville (Tennessee); it has successfully operated these facilities so for several years. THM is the manager of the geriatric psychiatric hospital which is located adjacent to the planned site for the new hospital.

- 3) Service area;

The proposed facility will be in Clarksville, Tennessee centrally located within Montgomery County, and will be within the center of the medical services hub of the county. There are no adult psychiatric beds in Montgomery or adjacent counties. Therefore, the Applicant anticipates the primary service area will be the four county area of Montgomery, Houston, Stewart, and Humphreys. The Applicant anticipates that there will be some additional admissions originating from a secondary service area made up of parts of Dickson and Henry counties, as well as some parts of Kentucky adjoining Montgomery County.

When the population-based estimate of the total need for psychiatric inpatient services (30 beds per 100,000 general population) are applied to the population estimates of the four county primary service area, the projected need for adult inpatient psychiatric beds is 48 beds in the within the first two years of opening of the project (please see the State Health Plan for a chart of the need calculations). When population from the secondary service area Tennessee counties is included, the need is calculated at 63 adult psychiatric beds. It is also notable that the need in Montgomery County continues to increase in successive years. Therefore, the existing need would far exceed the projected need for adult inpatient psychiatric beds in the service area. The overwhelming majority of the population intended to be served will have a travel time under 60 minutes to the proposed facility.

- 4) Existing similar service providers;

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There are no existing adult inpatient psychiatric beds in the four counties of the primary service area. Henry County Medical Center, located in Paris, TN is licensed for a 22 bed unit, providing psychiatric services to adult and geriatric patients. However, that hospital is located approximately 70-90 miles away and 75 to 100 minutes driving time, depending on the route. Therefore, those beds are not readily accessible for the vast majority of the population of the Applicant's proposed service area. There are other adult psychiatric beds located in Davidson County with are outside of the service area of the Applicant.

5) Project cost and Funding

The estimated project cost is \$12,746,500.00. The estimated project construction costs and cost per square foot are consistent with HSDA averages for previously approved hospital projects. The full project cost will be funded by cash reserves available to the Applicant.

6) Financial Feasibility including when the proposal will realize a positive financial margin; and

The proposed hospital has been well planned by the Applicant and based on the conservative projections in the Projected Data Chart, the project will operate with a positive financial margin from its second year of operation onward (2021). The project will show a net income of \$897,142.00 in the second year, and \$1,460,779.00 of free cash flow.

7) Staffing.

Because the proposed hospital will be located adjacent to the existing and operational geriatric hospital, the Applicant does not anticipate any problems with recruiting sufficient staff. Projected salaries for employees are consistent or above statewide medians. Additionally, the Applicant has identified a psychiatrist (Dr. Karen Berry) who will serve as medical director of the proposed facility, and is currently serving with American Health Centers in the capacity as a corporate medical director to the existing behavioral health centers.

Attachment Section A-3-B.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

RESPONSE:

1) Need;

The proposed hospital is needed to adequately and appropriately serve the adult 18-64 population of Montgomery, Houston, Stewart, and Humphreys counties as the primary service area. The project is needed to provide reasonable accessibility to acute inpatient mental services. The proposed facility will reduce the travel time for patients in the proposed service area. The proposed site is located centrally to the proposed population. Placing a mental health hospital within the service area also assures that appropriate post-discharge care will be reasonably accessible to these ages of patients for the first time. The Applicant also anticipates admissions from a secondary service area of Henry and Dickson counties in Tennessee and from the border counties to the north and west in Kentucky.

The need for the project is supported by the State Health Plan. When the population-based guideline of the total need for psychiatric inpatient services of 30 beds per 100,000 general population is applied to the population estimates of the four county service area, the projected need for adult inpatient psychiatric beds is currently 46 beds in 2018; this need then rises to 48 beds in the projected second year of the project. When population from the secondary service area Tennessee counties is included, the need is calculated at 63 adult psychiatric beds. It is also notable that the need in Montgomery County continues to increase in successive years. Therefore, the existing need would far exceed the projected need for adult inpatient psychiatric beds in the service area. The overwhelming majority of the population intended to be served will have a travel time of less than 60 minutes to the proposed facility.

2) Economic Feasibility;

The project will be funded from cash reserves available for the project and available to the Applicant. The project is projected to be financially successful early in its second year. As outlined within the financial and other projections in the application, the project meets the criteria of being economically feasible.

3) Appropriate Quality Standards; and

The proposed hospital will meet and report outcomes on quality standards are requested by the HSDA and other agencies. The Applicant's proposed manager has experience in operating behavioral health hospitals and doing so successfully to provide quality patient care. The Applicant will also meet appropriate quality standards. Once licensed, it will seek Joint Commission Accreditation and will engage in ongoing quality oversight and improvement programs as described in Section C of the applications.

4) Orderly Development to adequate and effective health care.

The proposed hospital fosters the orderly development of health care because it provides needed services in an area where there is currently need and no existing adult psychiatric beds. The hospital will aide in ensuring that acute care hospitals' Emergency Departments (ED) are not used as a primary resource for the treatment of acute mental health issues, and will aide in reducing any delay in getting appropriate treatment. This problem exists in Montgomery County, as evidenced by the hospital's need to create psychiatric holding space within its emergency department (as discussed in more detail in the responses to the State Health Plan). The hospital will also accept involuntary admissions and will participate in TennCare and Tricare, which will allow it to help serve a needy and medically underserved group of patients. The hospital has support of providers in the area, and will work closely with the hospital located just across the street to ensure good patient outcomes.

As noted in various places in the application, there are no currently available beds in the proposed service area counties. While there are inpatient psychiatric facilities in adjacent counties, the project is needed and provides for the orderly development of health care by placing services where they are needed and within a reasonably accessible time for the patients with these conditions. Patients currently have a drive time to another facility (mainly in the greater Nashville) area that can range from one hour to even longer for counties west of the proposed location of the hospital. The project will reduce those drive times significantly and keep the patients closer to their communities, closer to complimentary acute care services, and closer to specialty medical care service providers that are needed in some instances.

The proposed project also meets the orderly development of health care criteria. It does so because it will serve (and increase the services for) military and veteran populations who are located in Montgomery County. It is also order because with no crisis services unit nearby, the hospital will fill an important gap in mental health services that currently exists.

Attachment Section A-4.

RESPONSE: A copy of the certificate of existence for Applicant is attached as Attachment Section A-4. Also attached as Attachment Section A-4 are certificates of existence for American Health Centers, Inc. and the management company, Tennessee Health Management, Inc.

***Describe** the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.*

RESPONSE: The Applicant for the proposed hospital will be Unity Psychiatric Services Clarksville, LLC, a Tennessee based limited liability company. The Applicant is wholly owned by American Health Companies, Inc. (AHC), a Tennessee corporation. AHC is owned by its employee through an employee stock ownership plan (ESOP), which is an employee-owner program that provides a company's workforce with an ownership interest in the company. A diagram of the organizational chart and ownership is included at Attachment A-4 (Part 3) - Ownership Organizational Chart

Attachment Section A-5.

RESPONSE: The Applicant's facility will be managed by a management company Tennessee Health Management, Inc. (THM). THM an affiliate of AHC. While a definitive management agreement has not yet been executed, a draft of the proposed management agreement between the Applicant and the management company is attached as Attachment Section A-5.

Attachment Section A-6A

RESPONSE: The land where the proposed facility will be held is owned by Clarksville Behavioral Facility Inc. Clarksville Behavioral Facility Inc. is a wholly owned by American Health Companies, Inc. (AHC). AHC will be the sole owner of the Applicant at the time of the application.

Attachment Section 6B-1a-d

RESPONSE: Included in Attachment Section 6B-1a-d is the plot plan for the project, located at 930 Professional Park Drive, Clarksville, TN 37040. The size of the campus is 3.15 acres. The proposed facility will be located at the southwest corner of the intersection of Chesapeake Lane and Professional Park Drive, adjacent to the existing building which houses Behavioral Healthcare Center at Clarksville at 930 Professional Park Drive, Clarksville, TN 37040 in Montgomery County. The project will be located on a portion of a 3.15 acre parcel identified as Parcel ID 040G A 002.00 000 in the property records of Montgomery County.

Attachment Section 6B-2

RESPONSE: A floor plan for the project is provided in Attachment Section A-6B-2.

Attachment Section 6B-3

RESPONSE: The proposed hospital will be conveniently located with access to major roads and highways. The campus on which the current geropsychiatric hospital and the proposed new adult psychiatric hospital are located is directly across Dunlap Road from the Tennova hospital campus. BHC-C is located approximately 2.1 miles from the I-24 interchange and State Route #79 (Wilma Rudolph Boulevard). It is approximately 6 miles from Routes #76, and 41, which intersect in Clarksville and are major transit roads for Montgomery County.

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The Facility is located about 30 minutes (29 miles) from Hopkinsville, KY via I-24 and I-169. The project is accessible to public transportation routes – the City of Clarksville public transportation has a bus stop located on Dunlap Road approximately at the site of the entry road to the proposed hospital site.

Attachment Section A-10-B

RESPONSE: Not applicable. The proposed CON is for a new facility.

Attachment Section A-10-C

RESPONSE: Not applicable. The Applicant does not have any outstanding CONs.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

QUESTIONS

SECTION B: NEED

- A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

RESPONSE: Responses to the State Health Plan at provided at Attachment Section B: Need - A.

- B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

RESPONSE: AHC and THM have for several years operated four (4) mental health hospitals in Tennessee and one in Alabama focused on geropsychiatric care. The extension into adult psychiatric care is a natural development of both AHC and THM's business plans. The proposed hospital is also a natural extension of the existing geropsychiatric services at the site in Clarksville. AHC has been a provider of long term care services for over 30 years. The extension of the business of the company into mental health, first in geriatrics and now in the adult population is a development and diversification of the company's core business of caring for the elderly and disabled population who have chronic and long term health conditions.

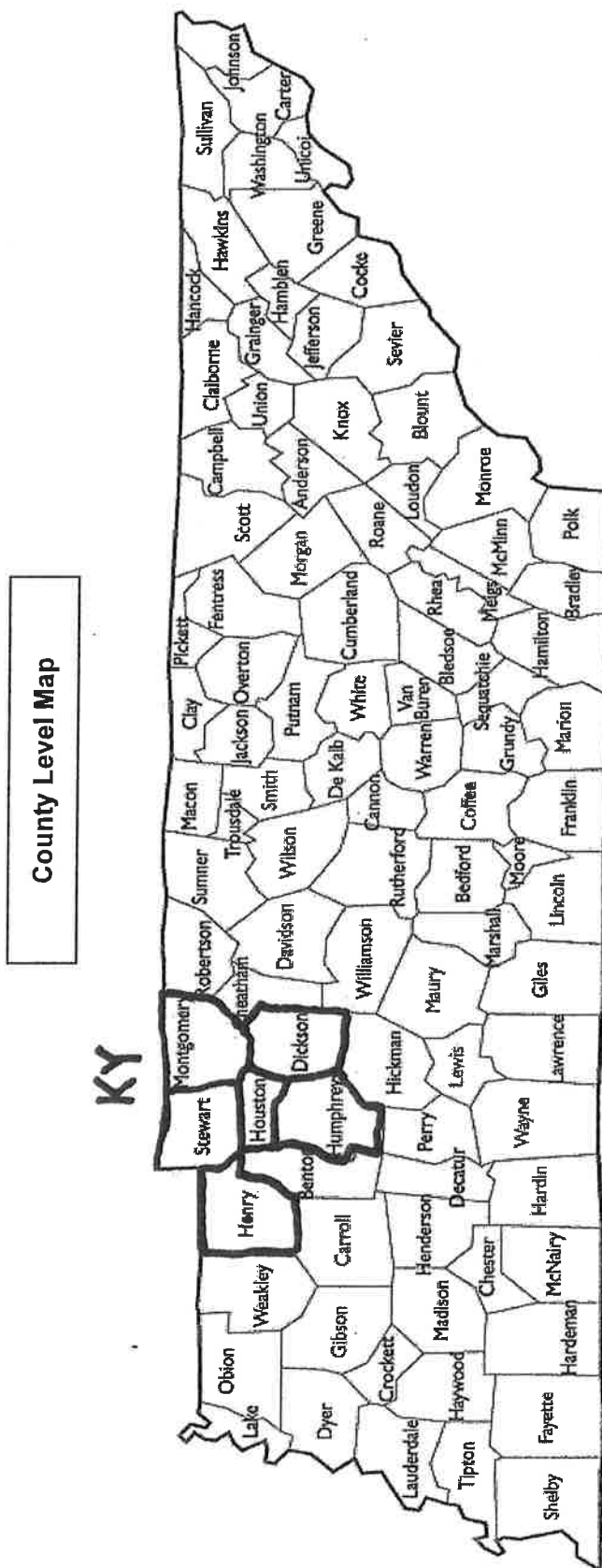
- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

RESPONSE: A county level map is included showing the proposed primary and secondary service area. The proposed facility will be located in Clarksville, centrally located within Montgomery County. There are no adult psychiatric beds in Montgomery or its adjacent counties. Therefore, the Applicant anticipates the primary service area will be the four county area of Montgomery, Houston, Stewart, and Humphreys. Additionally, the Applicant anticipates that there will be admissions originating from parts of Dickson and Henry counties, as well as some parts of Kentucky adjoining Montgomery County. Admissions data from hospitals (discussed below) support the determination of this service based on the county of origin patterns from the primary service area. The service area is reasonable, and does not overlap in any significant way with the services in other services areas near the project.

Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization-County Residents	% of total procedures
County #1		
County #2		
Etc.		
Total		100%

Service Area Counties	Projected Utilization-County Residents	% of total procedures
County #1		
County #2		
Etc.		
Total		100%



January 29, 2017

3:41 PM

- D. 1). a) Describe the demographics of the population to be served by the proposal.
- b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Demographic Variable/ Geographic Area (County)	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population- Current Year (2018)	Total Population- Projected Year (2020)	Total Population-% Change	*Target Population- Current Year (2018)	*Target Population- Project Year (2020)	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollment, November 2017	TennCare Enrollees as % of Total Population
Montgomery	211,602	221,620	4.5%	129,229	133,741	3.4%	60.3%	30.3	\$51,528	27,297	12.9%	37,175	17.6%
Stewart	14,210	14,402	1.3%	8,273	8,261	0.1%	57.4%	43.4	\$41,835	2,330	16.4%	3,120	22.0%
Humphreys	19,090	19,185	0.5%	10,930	10,835	0.9%	56.5%	41.7	\$40,995	3,532	18.5%	4,483	23.5%
Houston	9,014	9,157	1.6%	5,054	5,076	0.4%	55.4%	43.2	\$40,680	1,604	17.8%	2,000	22.2%
Dickson	54,959	56,210	2.2%	32,883	33,270	1.2%	59.2%	40.0	\$47,137	78,738	15.9%	11,110	20.2%
Henry	33,771	31,055	8.7%	18,486	18,319	0.9%	59.0%	45.1	\$38,378	6,552	19.4%	7,890	23.4%
Primary Service Area Total	253,916	264,364	4.0%	153,486	157,913	2.8%	59.7%	39.7	\$43,759	8,691	16%	46,778	18.4%
Service Area Total	342,646	351,629	2.6%	204,855	209,502	2.2%	59.6%	40.6	\$43,425	20,009	17%	65,778	19.2%
State of TN Total	6,960,524	7,037,025	1.1%	4,191,227	4,211,494	0.5%	59.8%	38.4	\$46,574	1,099,763	15.8%	1,461,291	21.0%

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

- 2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: The primary service area is characterized by a population with a substantial incidence of mental health issues (see responses to State Health Plan #3). Approximately 20% of the population reports an instance of mental illness in the past year, and 4-8% report a major depressive episode (depending on the age bracket). There also is a substantial percentage of individuals who report thoughts of suicide and substance abuse. Montgomery County in particular has greater than normal needs for mental health services

HF-0004 Revised 12/2016 – All forms prior to this time are obsolete. RDA 1651

because of the large military and veteran population. Numerous stories report on the significant and ever increasing mental health needs of veterans, and particularly young veterans returning from combat over the last two decades. There are no inpatient psychiatric hospital providers to meet these needs. Therefore, the Applicant's business plan is to meet these significant needs. The Applicant intends to accept dual-diagnosis patients, TennCare patients, Tricare patients, and patients who are involuntarily admitted to the proposed facility. Accepting involuntary admissions will assist the community in using the appropriate resources (rather than emergency room or incarceration) to meet the needs of those individuals.

- E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: There are no currently operating inpatient psychiatric hospital providers in the service area. There are also no approved but unimplemented CONs for such services in the area.

While there are no inpatient psychiatric hospital providers in the service area to provide utilization and occupancy trends, please see Attachment Section B – Need – E (Hospital JAR Admission Data) for information about admissions trends. Current Joint Annual Report information for hospitals does not provide detailed data on county of origin specifically for psychiatric services/admissions. However, the attachment provides analysis of three hospitals. Two (Henry County Medical Center and Skyline) have inpatient psychiatric beds, but are not in the service area. The other (Tennova) is located where the proposed project will be built. The data provided include county of origin data for all admissions/all services from the 2016 Joint Annual Reports for the individual hospitals.

Those statistics demonstrate that admissions to Tennova (located in Clarksville) are overwhelming from Montgomery County, and the population supporting the hospital is from Montgomery County. The data also indicates that the hospital also draws a significant number of admissions from the bordering counties in Kentucky. Conversely, the data from Henry County Medical Center (located in a secondary service area), indicate very few overall admissions from the counties that the Applicant has identified as its primary service area. Henry County does also draw admission from Kentucky to the north, but it is noteworthy that those Kentucky counties are not the ones adjacent to Montgomery County, and are across the Land Between the Lakes boundary. Lastly, the admissions data from Skyline also indicates that while there is some overlap with Montgomery County, its overwhelming admissions are from south and west of the service area (Davidson, Sumner and Robertson counties).

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: The Applicant is not currently licensed nor operating so it has no historical utilization and/or occupancy statistics. A projected annual utilization for each of the two years following completion of the project is attached at Attachment Section B – Need – F and the Projected Data Chart.

SECTION B: ECONOMIC FEASIBILITY

- A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)
- 2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- 3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.
- 5) For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
 - a) A general description of the project;
 - b) An estimate of the cost to construct the project;
 - c) A description of the status of the site's suitability for the proposed project; and
 - d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:		
1	Architectural and Engineering Fees	892,325
2	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	32,500
3	Acquisition of Site	-
4	Preparation of Site	400,000.00
5	Construction Costs	9,146,761.00
6	Contingency Fund	731,741.00
7	Fixed Equipment (Not included in Construction Contract)	1,190,000
8	Moveable Equipment (List all equipment over \$50,000)	
9	Other (Specify)	
B. Acquisition by gift, donation, or lease:		-
1	Facility (inclusive of building and land)	-
2	Building only	-
3	Land only	280,300.00
4	Equipment (Specify)	-
5	Other (Specify)	-
C. Financing Costs and Fees:		
1	Interim Financing	-
2	Underwriting Costs	-
3	Reserve for One Year's Debt Service	-
4	Other (Specify)	
D. Estimated Project Cost (A+B+C)		<u>12,673,627</u>
E.	CON Filing Fee	72,873.36
F.	Total Estimated Project Cost	<u>12,746,500</u>

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)**

- ☐ 1) Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2) Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants – Notification of intent form for grant application or notice of grant award;
- ☒ 5) Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other – Identify and document funding from all other sources.

C. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: Because the proposed hospital is a new facility, there is no applicable current or historical utilization data. The Applicant's projections for the first two years of operations are include in the attached projected data chart.

D. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

January 29, 2017

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PROJECTED DATA CHART

Give information for the two (2) years following the completion of this project. The fiscal year begins in December [For Project Only]

	Year - 2020	Year - 2021
A. Utilization Data (=patient days)	7,283	10,974
B. Revenue from Services to Patients		
1. Inpatient Services	\$13,654,800	\$20,575,800
2. Outpatient Services	\$ -	\$ -
3. Emergency Services	\$ -	\$ -
4. Other Operating Revenue (Specify - _____)	\$ -	\$ -
Gross Operating Revenue	\$13,654,800	\$20,575,800
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	7,212,296	10,867,883
2. Provisions for Charity Care	273,096	411,516
3. Provisions for Bad Debt	273,096	411,516
Total Deductions	\$ 7,758,488	\$11,690,915
NET OPERATING REVENUE	\$ 5,896,312	\$ 8,884,885
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	\$ 2,216,140	\$ 2,770,175
b. Non-Direct Patient Care	1,029,280	1,217,740
2. Physician's Salaries and Wages	\$ 250,000	\$ 250,000
3. Supplies	378,693	581,609
4. Rent		
a. Paid to Affiliates	\$ 200,000	\$ 200,000
b. Paid to Non-Affiliates		
5. Management Fees		
a. Paid to Affiliates	412,742	621,942
b. Paid to Non-Affiliates		
6. Other Operating Expenses	693,324	1,116,274
Total Operating Expenses	\$ 5,180,179	\$ 6,757,740
E. Earnings Before Interest, Taxes, and Depreciation	\$ 716,133	\$ 2,127,145
F. Non-Operating Expenses		
1. Taxes	\$113,614	\$666,366
2. Depreciation	\$563,636	\$563,636
3. Interest, Other than Capital		
4. Other Non-Operating Expenses		
Total Non-Operating Expenses	\$ 677,251	\$ 1,230,003
NET INCOME (LOSS)	\$ 38,882	\$ 897,142

PROJECTED DATA CHART**G. Other Deductions**

1. Estimated Annual Principal Debt Repayment	\$ -	\$ -
2. Annual Capital Expenditure	\$ -	\$ -
Total Other Deductions	\$ -	\$ -
NET BALANCE	\$ 38,882	\$ 897,142
DEPRECIATION	\$563,636	\$563,636
FREE CASH FLOW (Net Balance + Depreciation)	\$ 602,518	\$ 1,460,779

PROJECTED DATA CHART - OTHER EXPENSES

OTHER EXPENSES CATEGORIES		Year - 2020	Year - 2021
1.	Professional Services	61,779	85,302
2.	Therapy Services	37,641	93,145
3.	Transport Services	24,761	55,887
4.	Contract Services	218,523	444,176
5.	Repairs & Maint.	39,608	53,926
6.	Utilities	218,400	195,135
7.	Insurance	78,113	97,568
8.	Other	14,500	91,135
Total Other Expenses		\$ 693,324	\$ 1,116,274

- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	n/a	n/a	\$1,874.89	\$1,874.89	0 %
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	n/a	n/a	\$1,065.29	\$1,065.29	0 %
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	n/a	n/a	\$809.60	\$809.60	0 %

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.
- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: As noted above, there are no similar facilities in the service area. A comparison of charges for similar facilities recently approved is below.

Hospital	Year	Days	Gr Rev	Net Rev	GR/Day	Net Rev/Day
Rolling Hills	2014	24,666	\$42,450,186	\$19,806,798	\$1,721	\$803
Trustpoint	2014	21,095	\$39,869,550	\$19,154,260	\$1,890	\$908
Maury Project	2019 (Yr 1)	11,630	\$49,799,660	\$11,176,430	\$4,282	\$961
Applicant	2020 (Yr 1)	7,283	\$13,654,800	\$ 5,896,312	\$ 1,875	\$ 810

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1**. **NOTE: Publicly held entities only need to reference their SEC filings.**
- 2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	n/a	n/a	n/a	12%	24%

- 3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$0	0%
TennCare/Medicaid	\$3,550,248.00	26%
Commercial/Other Managed Care	\$9,831,456.00	72%
Self-Pay	\$273,096.00	2%
Charity Care	\$273,096.00	2%
Other (Specify) _____		
Total	\$13,654,800.00	100%

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

RESPONSE: The Applicant is not currently licensed nor operating so it has no current staffing for comparison in the chart below. The chart below provides the projected Year 1 staffing by FTEs and compares those projected wages to the prevailing wages published by the Department of Labor & Workforce Development. The chart uses statewide median salary data as reported at the JOBS4TN.gov website, and wages were available for 2016 occupational data.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/ Statewide Average Wage
a) Direct Patient Care Positions				
Director of Nursing/CNO	n/a	1.00	\$ 125,000	
Nurse Manager	n/a	1.00	\$ 75,920	\$65,590
Nurse Supervisor	n/a	2.50	\$ 69,680	\$57,590
Nurse (RN & LPN)	n/a	23.17	\$ 51,703	\$57,590
Mental Health Technician	n/a	10.92	\$ 29,078	\$24,110
Activity Therapist	n/a	2.43	\$ 37,440	\$41,300
Social Worker	n/a	4.85	\$ 48,360	\$34,320
Total Direct Patient Care Positions	n/a	45.87		
b) Non-Patient Care Positions				
Administrator/CEO	n/a	1.00	\$ 140,000	\$ 140,140
Pharmacy	n/a	3.64	\$ 104,000	\$ 121,540
Dietary	n/a	7.28	\$ 27,560	\$ 22,050
Business Office Mgr.	n/a	1.00	\$ 39,416	\$ 36,320
Facility Management	n/a	1.00	\$ 48,880	\$ 36,460
Security	n/a	3.64	\$ 29,307	\$ 24,270
Environmental Services	n/a	7.28	\$ 22,058	\$ 21,680
Marketing	n/a	1.00	\$ 85,000	\$ 82,400
Total Non-Patient Care Positions	n/a	25.84		
Total Employees (A+B)	n/a	71.71		
c) Contractual Staff	n/a			
Medical Director	n/a	1.00	\$ 250,000	\$150-\$300,0000
Total Staff (a+b+c)	n/a	72.71		

- I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.
 - 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

RESPONSE: The Applicant has made the determination that there is sufficient need in the service area for adult psychiatric beds. While the proposed facility is a new facility and will be a newly licensed facility, the Applicant has made the most cost-effective decision in planning for the new facility by locating it adjacent to the existing geropsychiatric facility on the site. This location will allow for sharing of various services between the two facilities (as described in the application) to increase efficiencies. The location on the existing parcel will also reduce the land acquisition costs for developing the new facility. Moreover, the location of the facility across from the Tennova Clarksville hospital puts it in the best location to facilitate the coordination of care for patients at the proposed facility. The project leverages the existing infrastructure of the AHC geropsychiatric hospital to ensure efficient use of space, staff and other resources.

In discussions the Applicant had in preparation for this project, some which included conversations with the Tennova Clarksville, consideration was given to seeking to create only a smaller crisis stabilization unit. However, the decisions was made that need, demand for services, and the feasibility of a financial model required a facility fully dedicated to the care of these patients and to inpatient psychiatric services.

There are also programmatic reasons for the construction of a new facility in addition to the concern around the need for more beds than the existing facility can offer. From a programming and clinical perspective, the current layout of the geropsychiatric facility would not allow the Applicant to provide the correct programming and segregation of diverse patient populations. It is critical to ensure there is no cross between adult and geriatric patient populations, especially because the proposed facility will accept adult involuntary commitments. Dining, therapy, activities, etc. would be very difficult to schedule without having undesirable cross-over between the two age populations.

Lastly, the existing facility (which was converted from a long term care facility use) would need to have its physical plant heavily altered to provide the necessary features to ensure that an adult populations would be protected, as they could much easier harm themselves or others. As noted above, the Applicant believes it is not appropriate to accept involuntary admissions in the same space as geriatric patients. The Applicant's primary objective is to ensure they assist the community in meeting the demand that is needed including detox, etc.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

RESPONSE: The Applicant is not currently licensed nor operating so it currently has not contractual or working relationships with other health care providers. As noted in the application, the proposed hospital and the Applicant are intended to work very closely and complementarily with Tennova Clarksville hospital.

The acute care hospital will provide medical support to the Applicant's patients, and the addition of adult inpatient psychiatric services will provide a needed service and referral location for patients at Tennova Clarksville with mental health conditions.

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

RESPONSE: As indicated by the letters of support and the statistical need demonstrated for this project, the proposed hospital is greatly needed to bring adult psychiatric services to Montgomery and the surrounding counties. The project will greatly benefit service area consumers. It will provide needed, high quality inpatient adult psychiatric services for mental health and substance abuse conditions that is not available in the area. It will eliminate the inefficient use of emergency rooms holding individuals who need inpatient psychiatric placement, and now may have to go long distances for admission to an inpatient unit. It will eliminate the need for service area residents to drive long distances for this care. It will also extend the continuum of behavioral health care services available locally, by serving more age groups and by offering both mental healthcare to a large rural population that is likely now not receiving services or that is underserved. The development of the inpatient adult psychiatric hospital will also allow for the subsequent development of additional OP services for this population. The Applicant is also committed to working with Veterans Administration health services and veterans groups. Numerous studies indicate that the prevalence of mental health conditions in veterans is higher than in the general population.

2) Negative Effects

RESPONSE: The Applicant does not anticipate any negative effects from approval of the proposed hospital. The Applicant carefully considered the existing providers and the need existing in Montgomery and the surrounding counties. As stated previously, there are no adult psychiatric programs in the four counties of the primary service area. Therefore, the project will not have any adverse impact on any other facility in the primary service area. It will also not compete significantly with any existing mental health providers located in adjacent counties or the secondary service area. Davidson county facilities who currently accommodate outmigration from the counties in the service area will not be affected because 1) their percentage of admissions is minimal, and 2) growth and need for mental health services from the rapidly growing Davidson County population will more than replace any small decrease. This will also prevent the ability to keep those resources available.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE: The Applicant will employ as the primary physician leader a Board Certified, Adult and Chemical Dependency Psychiatrist. Further, there will be a back-up psychiatrist. There will be a Consulting Registered Dietician and a full-time LCSW on staff as the Director of Social Services. Additional social worker staff and mental health support workers will also be recruited to provide therapeutic groups and activities. The Applicant will use 12-hour shifts for all direct patient care staff.

The Applicant does not anticipate any problem with fulfilling its human resources requirements.

The proposed staffing plan will lead to quality care of the patient population served by the project because trained and monitored nursing staff, in numbers based on patient acuity will be employed to ensure exemplary patient care and patient safety. Because the proposed hospital will be located adjacent to the existing and operational geriatric hospital, the Applicant does not anticipate any problems with recruiting sufficient staff. The Applicant's projected salaries for employees are consistent or above statewide medians, and it will provide competitive benefits that promote a favorable working environment, contributing to stability in the area work force. Additionally, the Applicant has identified a psychiatrist (Dr. Karen Berry) who will serve as medical director of the proposed facility, and is currently serving with American Health Centers in the capacity as a corporate medical director to the existing behavioral health centers.

- 2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE: The Applicant so verifies. The Applicant is part of an established health care organization with many years of experience operating health care facilities, including behavioral health hospitals. The Applicant will be licensed by the Tennessee Department of Mental Health and Substance Abuse (TNDMHSA) and accredited by the Joint Commission.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: Whenever possible the Applicant will pursue and gladly accommodate opportunities to work with the schools of nursing to serve as clinical sites. It also plans to extend intern rotation opportunities for medical and psychiatric training to the medical schools in Nashville and surrounding areas.

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure:

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.):

Accreditation (i.e., Joint Commission, CARF, etc.):

RESPONSE: Unity Psychiatric Services Clarksville LLC is a new entity, and is not yet licensed. The Applicant will be licensed by the Tennessee Department of Mental Health and Substance Abuse (TNDMHSA) as a mental health hospital, and will seek and become accredited by the Joint Commission under JCAHO's standards for adult psychiatric facilities. The proposed facility will be certified for Medicare as a psychiatric hospital. The proposed facility will be certified for Medicaid participation by TennCare, and also seek participation in Tricare.

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

RESPONSE: Unity Psychiatric Services Clarksville LLC is a new entity, and is not yet licensed. The question is not applicable.

- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a

letter from the appropriate agency.

RESPONSE: Unity Psychiatric Services Clarksville LLC is a new entity, and is not yet licensed. The question is not applicable.

- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

RESPONSE: Unity Psychiatric Services Clarksville LLC is a new entity, and is not yet licensed. The question is not applicable.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

- 2) Been subjected to any of the following:

- a) Final Order or Judgment in a state licensure action;
- b) Criminal fines in cases involving a Federal or State health care offense;
- c) Civil monetary penalties in cases involving a Federal or State health care offense;
- d) Administrative monetary penalties in cases involving a Federal or State health care offense;
- e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
- f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
- g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

- h) Is presently subject to a corporate integrity agreement.

RESPONSE: Neither the Applicant nor any person(s) or entity with more than 5% ownership within the chain of ownership of the Applicant has been subject to any of the events/actions noted in (E)(2)(a-h).

F. Outstanding Projects:

- 1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

- 2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

RESPONSE: Not applicable. The Applicant does not have any outstanding CONs.

G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? _____
- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? _____
- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? _____

RESPONSE: The question is not applicable to the Applicant or project.

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

RESPONSE: The Applicant will met this criteria and provide all reasonably requested information.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

- A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.
- B. People in Tennessee should have access to health care and the conditions to achieve optimal health.
- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.
- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.
- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		April 25, 2018
2. Architectural and engineering contract signed	0	January 2018
3. Construction documents approved by the Tennessee Department of Health	90	July 2018
4. Construction contract signed	91	July 2018
5. Building permit secured	136	September 2018
6. Site preparation completed	166	October 2018
7. Building construction commenced	180	October 2018
8. Construction 40% complete	300	February 2019
9. Construction 80% complete	420	June 2019
10. Construction 100% complete (approved for occupancy)	510	September 2019
11. *Issuance of License	540	October 2019
12. *Issuance of Service	570	November 2019
13. Final Architectural Certification of Payment	580	November 2019
14. Final Project Report Form submitted (Form HR0055)	590	December 2019

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

This document is a form for the purpose of recording a deed or other instrument in the public records of the State of Tennessee. It is not to be used for any other purpose.

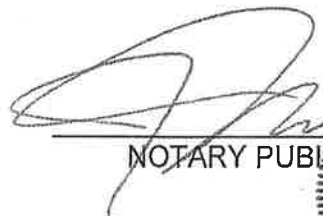
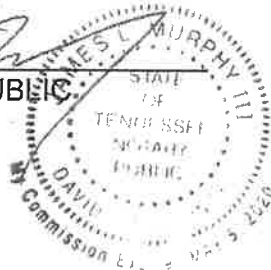
AFFIDAVITSTATE OF TennesseeCOUNTY OF Davidson

Christopher C. Puri, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.


SIGNATURE/TITLE

Sworn to and subscribed before me this 12th day of January, 2018 a Notary
(Month) (Year)

Public in and for the County/State of Davidson County, Tennessee.


NOTARY PUBLIC


My commission expires May 5, 2020
(Month/Day) (Year)

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

RESPONSE: While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community, and state level that will help improve the health status of Tennesseans, the proposed inpatient psychiatric hospital is consistent with this goal because it seeks to create new services where there currently are not such services, and where they are desperately needed. According to a Tennessee DMHSAS study in February 2016, the Department concluded that mental health treatment helped people with mental health needs:

- Decrease negative feelings and suicidal thoughts, substance abuse, arrests, and hospital stays, and
- Increase their ability to control their symptoms, the belief that medication was helping them, and increase their medical use compliance.

The proposed facility will help increase the access to mental health services, which are proven to improve the lives of the general public.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

RESPONSE: The proposed hospital will provide access to services and serve persons not now receiving such care because of unwillingness or inability to drive long distances to the greater Nashville area. There will be a net increase in services overall, still consistent with projected need for such services. The development of the project is directly in line with this health planning goal.

C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

RESPONSE: As mentioned above, this project will also free the appropriate development of hospital acute care space now not being properly used that will allow it to better meet community needs. This project represents an optimal development concept, located adjacent to an existing geropsychiatric hospital and within one half mile of the main acute care hospital in the community. The Applicant and the acute care hospital plan to work closely on the development of the project, and the hospital is strongly supportive of its approval. With two experienced and well-regarded organizations cooperating (rather than competing) to provide this needed care, the project is in line with economically efficient health care from the consumer's perspective.

D. People in Tennessee should have confidence that the quality of health care is

continually monitored and standards are adhered to by providers.

RESPONSE: The Applicant will obtain not only licensure and certification, but also accreditation from the Joint Commission to ensure appropriate oversight and validation of the high standards of care it plans to maintain. The Applicant has also outlined its quality goals in the "Quality Measures" responses in this application, immediately preceding this Section C.

- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

RESPONSE: The development of the proposal inpatient psychiatric hospital will allow for additional opportunities for psychiatrists and other medical/psychiatric practitioners to live and work in the Clarksville and surround area, thereby supporting a solid employment environment for those medical professionals. This in turn will support the support the development, recruitment, and retention of a sufficient and quality health workforce.

SECTION A: PROJECT DETAILS

Attachment A-6B-1 (a-d)

Plot Plan

First Floor Plan

Two Stories 27,743 SF

Total Parcel Size = 3.15 acres

Existing Hospital



JJCA

Johnson Johnson
Crabtree Architects

4551 Trousdale Drive
Nashville, TN 37204
tel 615.807.0656
fax 615.837.0657

AHC - Clarksville
Clarksville, Tennessee

PROJECT NUMBER
17724.00
DATE
January 3, 2018

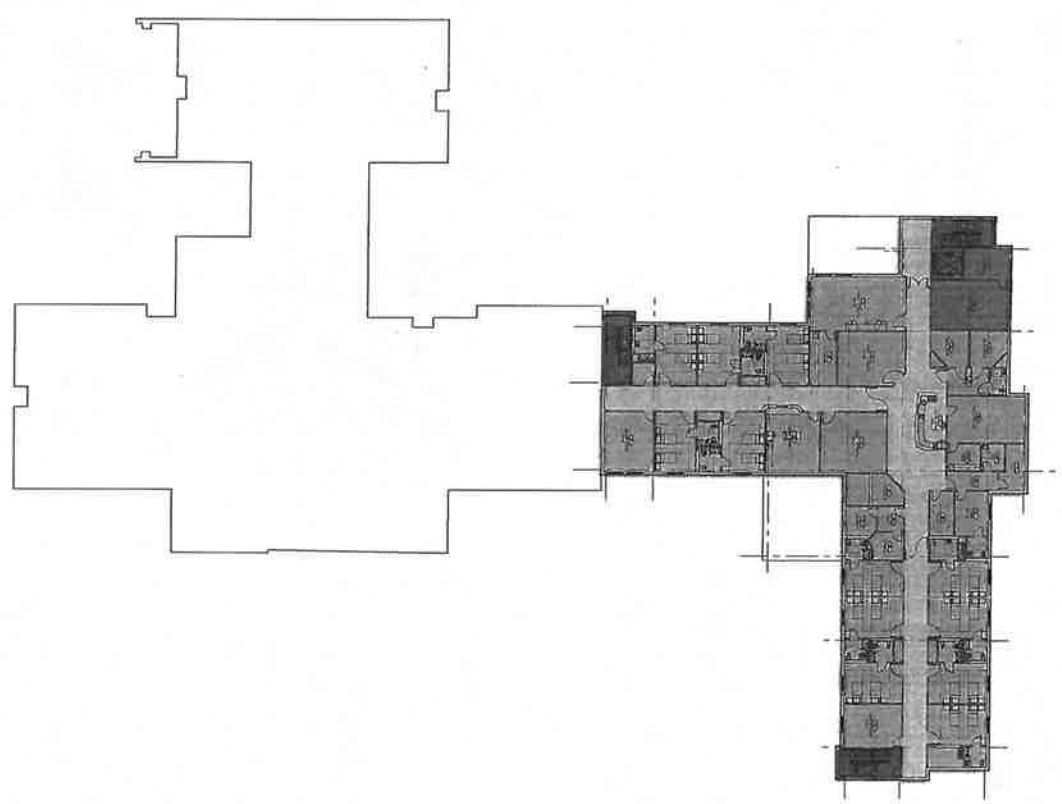
MPI

Expansion Study

Second Floor Plan

0 10' 10'

70



JICA Johnson Johnson
Cabrera Architects PC 423 Riverside Drive
Nashville, TN 37204 Tel: 615.259.1200

AHC - Clarksville
Clarksville, Tennessee

PROJECT NUMBER
17724.00
DATE
January 3, 2018

MP2
Second Floor Plan
Expansion Study

SECTION A: PROJECT DETAILS

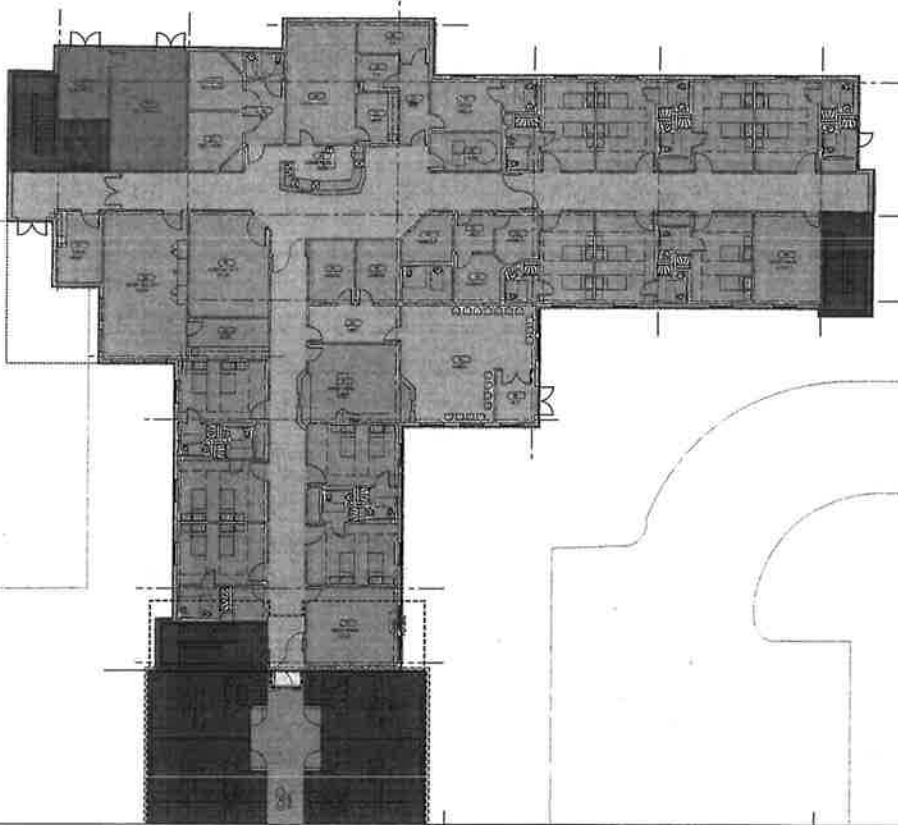
Attachment A-6B-2

Floor Plan Drawing

Expansion Study

First Floor Plan

ALL ROOMS WILL BE SEMI-PRIVATE ROOMS



JJCA

Johnson Johnson
Crestview Architects, Inc.
1000 Nashville Drive
Nashville, TN 37204
Tel: 615.887.0000
Fax: 615.887.0001

AHC - Clarksville
Clarksville, Tennessee

PROJECT NUMBER
17724.00
DATE
January 10, 2018

MP3
First Floor Plan
Expansion Study

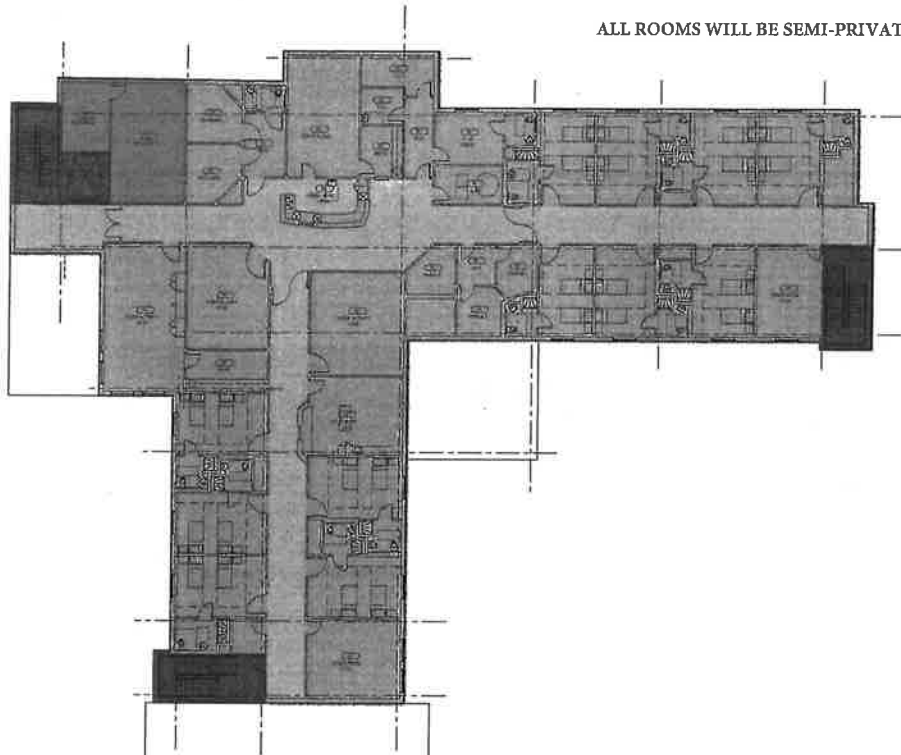


Expansion Study

Second Floor Plan

0' 0" 0' 0"

ALL ROOMS WILL BE SEMI-PRIVATE ROOMS



JJCA

Johanna Johnson
Creative Architects P.C.

4801 Franklin Drive
Clarksville, TN 37041
Tel: 615.855.0000
Fax: 615.855.0001

AHC - Clarksville

Clarksville, Tennessee

PROJECT NUMBER

17724.00

DATE

January 10, 2018

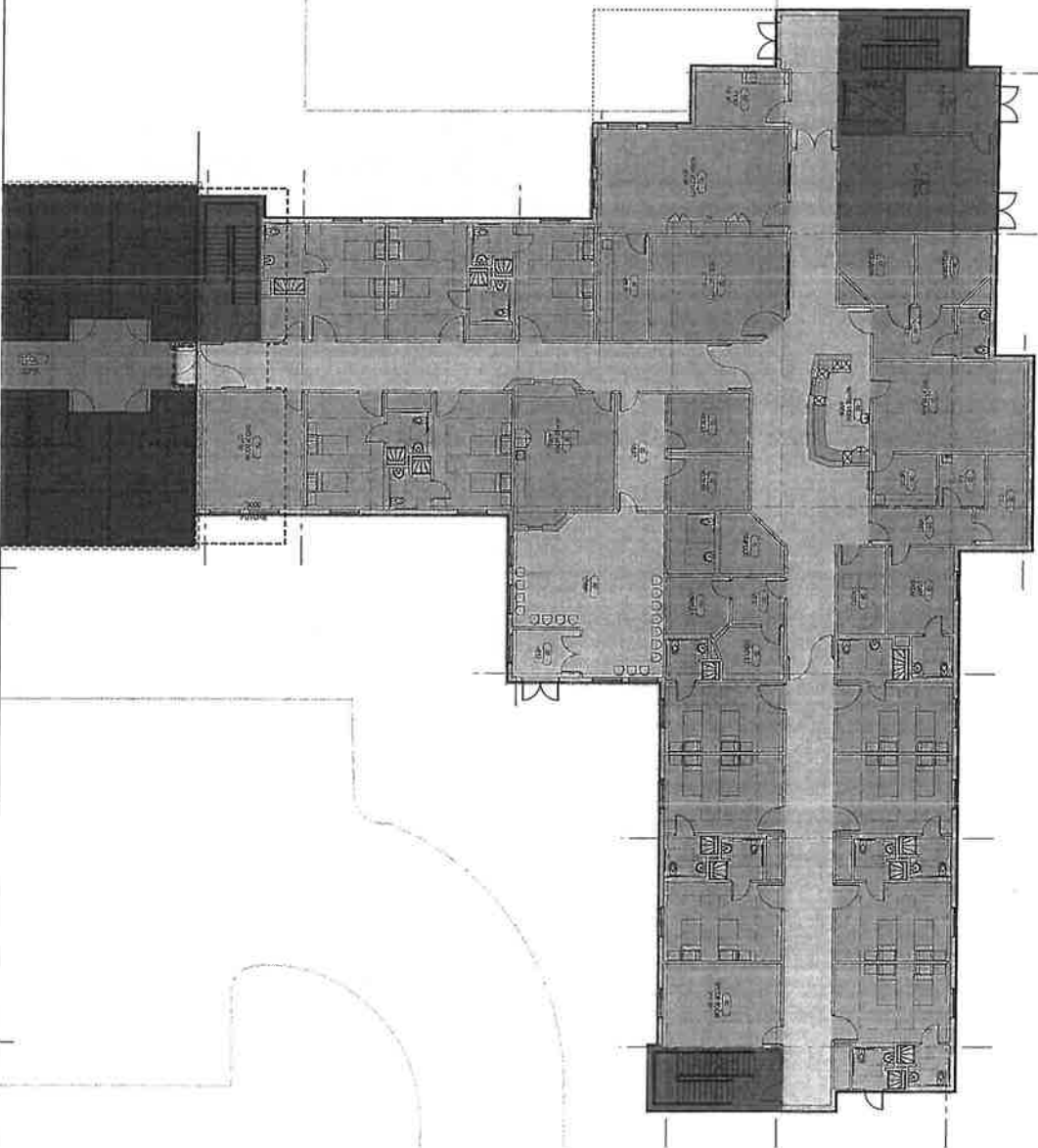
MP4

Second Floor Plan
Expansion Study

Expansion Study

First Floor Plan

0' 10' 20'



74

JICA

Johnson Johnson
Carbone Architects, P.C.
651 Franklin Drive
Memphis, TN 37504

MP
11/10/2017
Rev. 01/10/2018

AHC - Clarksville

Clarksville, Tennessee

PROJECT NUMBER
17724.00
DATE
January 10, 2018

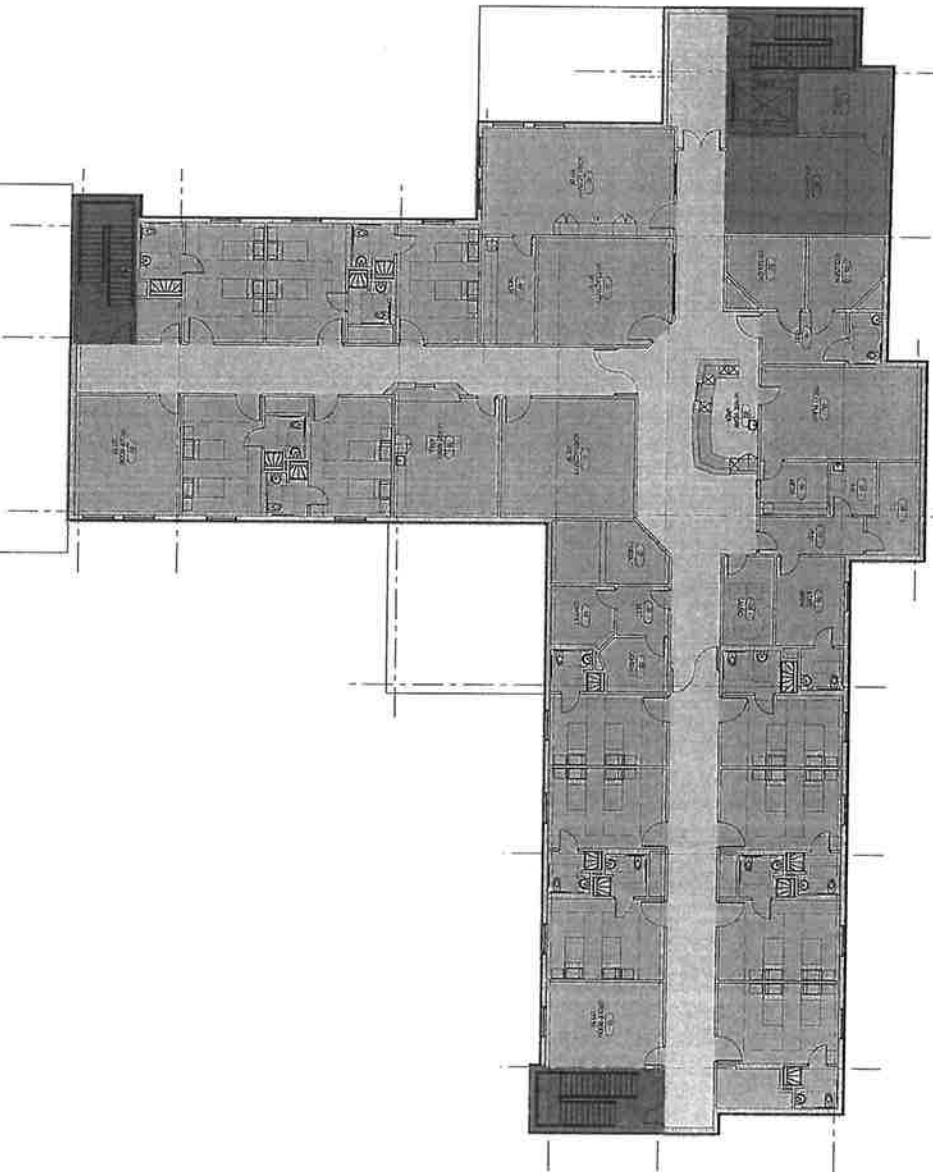
MP3
First Floor Plan
Expansion Study



Expansion Study

Second Floor Plan

0 10' 0"



JICA

Johnson Johnson
Cabrera Architects PC
625 Tremble & Pike
Memphis, TN 37504
tel 901.520.8888
fax 901.520.8887

AHC - Clarksville

Clarksville, Tennessee

PROJECT NUMBER
17724.00
DATE
January 10, 2018

MP4
Second Floor Plan
Expansion Study

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

Attachment Section B – Need - A

Responses to and Discussion of Criteria and Standards in the State Health Plan

STATE OF TENNESSEE STATE HEALTH PLAN CERTIFICATE OF NEED STANDARDS AND CRITERIA FOR PSYCHIATRIC INPATIENT SERVICES

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide psychiatric inpatient services. Rationale statements are provided for standards to explain the Division of Health Planning's (Division) underlying reasoning and are meant to assist stakeholders in responding to these Standards and to assist the HSDA in its assessment of certificate of need (CON) applications. Existing providers of psychiatric inpatient services are not affected by these Standards and Criteria unless they take an action that requires a new CON for such services.

These Standards and Criteria are effective immediately upon approval and adoption by the Governor. However, applications to provide psychiatric inpatient services that are deemed complete by the HSDA prior to the approval and adoption of these Standards and Criteria shall be considered under the Guidelines for Growth, 2000 Edition.

The Certificate of Need Standards and Criteria serve to uphold the Five Principles for Achieving Better Health set forth by the State Health Plan. Utilizing the Five Principles for Achieving Better Health during the development of the CON Standards and Criteria ensures the protection and promotion of the health of the people of Tennessee. The State Health Plan's Five Principles for Achieving Better Health are as follows:

1. **Healthy Lives:** The purpose of the State Health Plan is to improve the health of people in Tennessee.
2. **Access:** People in Tennessee should have access to health care and the conditions to achieve optimal health.
3. **Economic Efficiencies:** Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging value and economic efficiencies.
4. **Quality of Care:** People in Tennessee should have confidence that the quality of care is continually monitored and standards are adhered to by providers.
5. **Workforce:** The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

Definitions

Psychiatric inpatient services: Shall mean the provision of psychiatric and substance services to persons with a mental illness, serious emotional disturbance (children), or substance use diagnosis in a hospital setting, as defined in TCA 33-1-101(14); residential treatment services and crisis stabilization unit services are not included in this definition.

Service Area: The county or counties represented on an application as the reasonable area in which a psychiatric inpatient facility intends to provide services and/or in which the majority of its service recipients reside.

Medical Detox: The intensive 24 hour treatment for service recipients to systematically reduce or eliminate the amount of a toxic agent in the body until the signs and symptoms of withdrawal are resolved. Medical detoxification treatment requires medical and professional nursing services to manage withdrawal signs and symptoms.

This definition applies to general hospital beds, licensed by the Tennessee Department of Health (TDH), in a unit that provides psychiatric treatment services and/or substance use treatment services. These services are provided both while the patient is detoxed and after detox has occurred.

This definition applies to mental health hospital beds, licensed by the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS), in a unit that provides psychiatric treatment services and/or substance use treatment services. These services are provided both while the patient is detoxed and after detox has occurred.

Standards and Criteria

1. Determination of Need: The population-based estimate of the total need for psychiatric inpatient services is a guideline of 30 beds per 100,000 general population, using population estimates prepared by the TDH and applying the applicable data in the Joint Annual Report (JAR). These estimates represent gross bed need and shall be adjusted by subtracting the existing applicable staffed beds including certified beds in outstanding CONs operating in the area as counted by the TDH in the JAR. For adult programs, the age group of 18-64 years shall be used in calculating the estimated total number of beds needed; additionally, if an applicant proposes a geriatric psychiatric unit, the age range 65+ shall be used. For child inpatients, the age group is 12 and under, and if the program is for adolescents, the age group of 13-17 shall be used. The HSDA may take into consideration data provided by the applicant justifying the need for additional beds that would exceed the guideline of 30 beds per 100,000 general population. Special consideration may be given to applicants seeking to serve child, adolescent, and geriatric inpatients. Applicants may demonstrate limited access to services for these specific age groups that supports exceeding the guideline of 30 beds per 100,000 general population. An applicant seeking to exceed this guideline shall utilize TDH and TDMHSAS data to justify this projected need and support the request by addressing the factors listed under the criteria "Additional Factors".

Rationale: *Many communities in Tennessee have unique needs for inpatient psychiatric beds. The above formula functions as a "base criteria" that allows applicants to provide evidence supporting a need for a higher number of beds in the proposed service area. The HSDA may take into account all evidence provided and approve applications that request beds that exceed the 30 beds per 100,000 guideline when needed. An analysis of admissions and discharges by age category performed by the HSDA suggests there may be limited access for inpatients under the age of 18 and inpatients aged 65 and over. However, the applicable JAR form does not provide occupancy rates by age category. Health Planning believes developing determination of need formulas specific to each age category is not possible at this time due to these limitations in available data. The current need formula is to be utilized as a guideline allowing applicants the opportunity to apply to serve the unique needs of the intended service area.*

RESPONSE: The Applicant will meet this criteria. The proposed facility will be located in Clarksville, centrally located within Montgomery County. There are no adult psychiatric beds in Montgomery or its adjacent counties. Therefore, the Applicant anticipates the primary service area will be the four county area of Montgomery, Houston, Stewart, and Humphreys. Additionally, the Applicant anticipates that there will be additional admissions originating from parts of Dickson and Henry counties, and from parts of the Kentucky counties (Trigg, Christian, and Todd) to the north and west of Clarksville.

When the population-based estimate of the total need for psychiatric inpatient services of 30 beds per 100,000 general population, is applied to the population estimates of the four county service area, the projected need for adult inpatient psychiatric beds is 48 beds in the projected second year of the project, as illustrated in the chart below. When population from the secondary service area Tennessee counties is included, the need is calculated at 63 adult psychiatric beds. It is also notable that the need in Montgomery County continues to increase in successive years. Therefore, the existing need would far exceed the projected need for adult inpatient psychiatric beds in the service area. In addition as outlined below, the Applicant's project satisfies several additional criteria that the HSDA may take into account as evidence supporting the approval of applications, even when the request for beds exceeding the 30 beds per 100,000 guideline.

There are no existing adult inpatient psychiatric beds in the four counties of the primary service area. Henry County Medical Center, located in Paris, TN is licensed for a 22 bed unit, providing psychiatric services to adult and geriatric patients. However, that hospital is located approximately 70-90 miles away and 75 to 100 minutes driving time, depending on the route. Therefore, those beds are not readily accessible for the vast majority of the population of the Applicant's proposed service area.

2018								
AGE / County	Montgomery	Houston	Stewart	Humphreys	Primary	Dickson	Henry	Total
18 - 64	129,229	5,056	8,272	10,930	153,487	32,883	18,486	204,856
Need Calculation Adult 18-64	39	2	2	3	46	10	6	61
2019								
AGE / County	Montgomery	Houston	Stewart	Humphreys	Primary	Dickson	Henry	Total
18 - 64	131,487	5,069	8,280	10,909	155,745	33,092	18,388	207,225
Need Calculation Adult 18-64	39	2	2	3	47	10	6	62
2020								
AGE / County	Montgomery	Houston	Stewart	Humphreys	Primary	Dickson	Henry	Total
18 - 64	133,731	5,076	8,261	10,835	157,903	33,270	18,319	209,492
Need Calculation Adult 18-64	40	2	2	3	47	10	5	63
2021								
AGE / County	Montgomery	Houston	Stewart	Humphreys	Primary	Dickson	Henry	Total
18 - 64	135,603	5,063	8,220	10,789	159,675	33,414	18,235	211,324
Need Calculation Adult 18-64	41	2	2	3	48	10	5	63
2022								
AGE / County	Montgomery	Houston	Stewart	Humphreys	Primary	Dickson	Henry	Total
18 - 64	137,344	5,075	8,214	10,741	161,374	33,559	18,159	213,092
Need Calculation Adult 18-64	41	2	2	3	48	10	5	64
2023								
AGE / County	Montgomery	Houston	Stewart	Humphreys	Primary	Dickson	Henry	Total
18 - 64	139,160	5,072	8,206	10,691	163,129	33,583	18,050	214,762
Need Calculation Adult 18-64	42	2	2	3	49	10	5	64

2. Additional Factors: An applicant shall address the following factors:

- a. The willingness of the applicant to accept emergency involuntary and non-emergency indefinite admissions;

RESPONSE: The Applicant will meet this criteria. Once licensed and open, the hospital will apply, under Title-33, for licensure to accept emergency involuntary admissions of adult patients through our Psychiatric Intensive Care Unit ("PICU") for 24-hour evaluation and disposition to an appropriate level of inpatient or outpatient care. Patients deemed "not medically stable" will be sent to the Emergency Department at Tennova Healthcare, a 281 bed acute care hospital located at 651 Dunlop Lane, for medical evaluation. Tennova Healthcare Clarksville is located only .4 miles from the proposed building site for the adult psychiatric facility.

b. The extent to which the applicant serves or proposes to serve the TennCare population and the indigent population;

RESPONSE: The Applicant will meet this criteria. The applicant will provide psychiatric inpatient services for individuals covered by TennCare and will seek network contracts with the TennCare MCOs in the service area. The Applicant will also serve Tricare beneficiaries.

c. The number of beds designated as "specialty" beds (including units established to treat patients with specific diagnoses);

RESPONSE: The Applicant will meet this criteria. The proposed facility will include 10 specialty beds within a unit that the applicant has designated as a "Psychiatric Intensive Care Unit" or PICU. PICUs provide mental health care and treatment for people whose acute distress, absconding risk and suicidal or challenging behaviors needs a secure environment beyond that which can normally be provided on an open psychiatric ward. High staffing ratios allow for intensive input to resolve issues quickly. The PICU will provide care and treatment to inpatients who are experiencing the most acute phase of a mental illness, with the goal to manage and reduce the risks associated with acute episodes of mental illness. The PICU will be totally self-contained and secure and will be heavily staffed with well-trained individuals to care for this specialty population.

d. The ability of the applicant to provide a continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do;

RESPONSE: The applicant does not plan to immediately provide outpatient services, as the focus will be on establishing the inpatient program. However, it does plan to provide these services once the inpatient operations are stable. Prior to initiating those outpatient services, the Facility will have enter into agreements with local providers of outpatient services. The Applicant has already been in conversation two other psychiatric service providers (Wellness Solutions and Mental Health Cooperative) who also provide outpatient psychiatric services and are very supportive of the proposed project. Please see the support letters from each included with the Application.

e. Psychiatric units for patients with intellectual disabilities;

RESPONSE: All admitted patients must be able to participate in, and benefit from, the applicant's treatment programs. The applicant will not have a separate unit for patients with intellectual disabilities.

f. Free standing psychiatric facility transfer agreements with medical inpatient facilities;

RESPONSE: The Applicant will meet this criteria. The proposed hospital will have will have facility transfer agreements with Tennova Clarksville, a 281-bed tertiary acute care hospital located less than one-half mile from the applicant's proposed location. The acute-care hospital will provide emergency services, specialty medical evaluations and treatment, and additional medical back-up as needed.

g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and

RESPONSE: The Applicant will meet this criteria. The proposed hospital will provide inpatient psychiatric services to all patients who meet its admission criteria. Prior to opening, the applicant will apply with the State of Tennessee for the ability to accept, and treat, involuntary patients. The applicant will accept dual-diagnosis patients (i.e. those with mental illness and a comorbid substance abuse problem), as well as those mental health patients with comorbid medical conditions. The hospital will, however, require that any patients with comorbid medical conditions are medically stable at the time of admission.

h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.

RESPONSE: The Applicant's staffing plan (which is outlined in detail as Section B), will align with core staffing patterns that are recommended and/or required by the requirements of Joint Commission standards and the regulations of the Centers for Medicare and Medicaid Services (CMS). Because the Facility is not in existence, data demonstrating how the staffing patterns correspond to actual patient acuity is not available. Upon opening, the Applicant will monitor and evaluate staffing and ratios and FTEs will be promptly adjusted based on the patient acuity of admitted patients. This oversight will ensure effective patient treatment, as well as patient and staff safety. In addition to the regular full-time nursing staff, it is the Applicant's intention to develop a robust pool of PRN staff to meet any crisis situation.

i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.

RESPONSE: This criteria is not applicable to the Applicant.

j. Special consideration shall be given to a service area that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.

RESPONSE: The Applicant will meet this criteria. There is no crisis stabilization unit available in the proposed primary nor secondary service area. The closest crisis stabilization unit is located 45.2 miles away from the proposed facility location. The Mental Health Cooperative operates a walk-in crisis stabilization unit at 275 Cumberland Bend, Nashville, TN 37228. There are mobile crisis services available within the service area.

3. Incidence and Prevalence: The applicant shall provide information on the rate of incidence and prevalence of mental illness and substance use within the proposed service area in comparison to the statewide rate. Data from the TDMHSAS or the Substance Abuse and Mental Health Services Administration (SAMHSA) shall be utilized to determine the rate. This comparison may be used by the HSDA staff in review of the application as verification of need in the proposed service area.

Rationale: *The rate of incidence and prevalence of mental illness in the service area may indicate a need for a higher number of psychiatric inpatient beds in the designated area.*

RESPONSE: There is no data source, beyond the established need formula, that the Applicant has available to use to project need for inpatient psychiatric beds in any more detailed fashion. The Applicant consulted with Tennessee Department of Mental Health and Substance Abuse (TDMHSAS) planning staff who confirmed that no such source is available.

Statistics available from TDMHSAS for the Region 5, which includes all of the proposed service areas counties indicates the following incidence and prevalence trends:

Any Mental Illness in the Past Year	Region 5 Count	Region 5 Percent	Tennessee Percent
18+ (2012-2014)	235,075	20.6%	20.3%
18-25 (2012-2014)	32,791	20.9%	19.4%
26+ (2012-2014)	202,249	20.6%	20.4%

Dependence or Abuse of Illicit Drugs or Alcohol in the Past Year	Region 5 Count	Region 5 Percent	Tennessee Percent
18+ (2012-2014)	84,841	7.5%	7.4%
18-25 (2012-2014)	26,174	16.7%	15.5%
26+ (2012-2014)	58,236	5.9%	6.0%

Had at Least One Major Depressive Episode in the Past Year	Region 5 Count	Region 5 Percent	Tennessee Percent
18+ (2012-2014)	79,854	7.0%	6.9%
18-25 (2012-2014)	13,834	8.8%	8.5%
26+ (2012-2014)	65,929	6.7%	6.6%

Had Serious Thoughts of Suicide in the Past Year	Region 5 Count	Region 5 Percent	Tennessee Percent
18+ (2012-2014)	50,022	4.4%	4.1%
18-25 (2012-2014)	12,741	8.1%	7.4%
26+ (2012-2014)	37,112	3.8%	3.5%

Needing but Not Receiving Treatment for Alcohol Use in the Past Year	Region 5 Count	Region 5 Percent	Tennessee Percent
18+ (2012-2014)	64,610	5.7%	5.6%
18-25 (2012-2014)	18,925	12.1%	11.7%
26+ (2012-2014)	45,369	4.6%	4.6%

Needing but Not Receiving Treatment for Alcohol Use in the Past Year	Region 5 Count	Region 5 Percent	Tennessee Percent
18+ (2012-2014)	22,961	2.0%	2.1%
18-25 (2012-2014)	9,758	6.2%	6.2%
26+ (2012-2014)	13,006	1.3%	1.4%

Serious Mental Illness in the Past Year	Region 5 Count	Region 5 Percent	Tennessee Percent
18+ (2012-2014)	48,838	4.3%	4.5%
18-25 (2012-2014)	6,914	4.4%	4.4%
26+ (2012-2014)	41,900	4.3%	4.5%

Source: Behavioral Health Prevalence Dashboard (at <https://www.tn.gov/behavioral-health/research/data--research--and-planning/county-and-regional-behavioral-health-prevalence-dashboard.html>)

4. Planning Horizon: The applicant shall predict the need for psychiatric inpatient beds for the proposed first two years of operation.

Rationale: The Division believes that projecting need two years into the future is more likely to accurately reflect the coming trends and less likely to overstate potential future need.

RESPONSE: As noted in question #1, the projected need for adult inpatient psychiatric beds is 48 beds (primary) and 63 beds (primary and secondary) within the first two years of opening of the project. There are no existing adult inpatient psychiatric beds in the service area.

5. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The proposal's sensitivity and responsiveness to the special needs of the service area shall be considered, including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, other medically underserved populations, and those who need services involuntarily. The applicant may

also include information on patient origination and geography and transportation lines that may inform the determination of need for additional services in the region.

Applicants should be aware of the Bureau of TennCare's access requirement table, found under "Access to Behavioral Health Services" on pages 93-94 at <http://www.tn.gov/assets/entities/tenncare/attachments/operationalprotocol.pdf>.

Rationale: *In many cases it is likely that a proposed psychiatric facility's service area could draw more significantly from only a portion of a county. When available, the Division would encourage the use of sub-county level data that are available to the general public (including utilization, demographic, etc.) to better inform the HSDA in making its decisions. Because psychiatric patients often select a facility based on the proximity of caregivers and family members, as well as the proximity of the facility, factors other than travel time may be considered by the HSDA. Additionally, geography and transportation lines may limit access to services and necessitate the availability of additional psychiatric inpatient beds in specific service areas.*

RESPONSE: The Applicant will meet this criteria. The service area of the proposed facility will be a four county primary service area consisting of Montgomery, Stewart, Houston and Humphreys counties, with a secondary services area of portions of Dickson and Henry counties. The proposed facility will be located in Clarksville in Montgomery County. These counties were chosen based on the Applicant's projection of likely patient volume. These counties also represent those counties of origin for the highest percentage of patients admitted to the currently operating BHC-Clarksville geriatric psychiatric hospital. Additionally, the Applicant expects to serve additional patients from the Kentucky counties of Christian, Trigg, and Todd County because the proposed facility is only 7 miles from the Kentucky state line.

There are no facilities in the proposed service Tennessee area that currently provide needed inpatient adult acute psychiatric hospitalization. There also is no private inpatient mental health hospital in that three county area of Kentucky; however Western State Hospital operates in Hopkinsville, KY and is one of four state-operated or state-supported acute psychiatric facilities in Kentucky.

The majority of the service area will be within one hour of the proposed hospital. The Applicant is aware of and will meet the TennCare guideline noted that travel distance does not exceed 90 miles for at least 90% of its patients /TennCare members.

6. Composition of Services: Inpatient hospital services that provide only substance use services shall be considered separately from psychiatric services in a CON application; inpatient hospital services that address co-occurring substance use/mental health needs shall be considered collectively with psychiatric services. Providers shall also take into account concerns of special populations (including, e.g., supervision of adolescents, specialized geriatric, and patients with comorbid medical conditions).

The composition of population served, mix of populations, and charity care are often affected by status of insurance, TennCare, Medicare, or TriCare; additionally, some facilities are eligible for Disproportionate Share Hospital payments based on the amount of charity care provided, while others are not. Such considerations may also result in a prescribed length of stay.

Rationale: *Because patients with psychiatric conditions often experience co-morbid conditions, it is important that providers be capable of addressing such patients' potential medical needs. The accessibility of psychiatric services to various populations and for appropriate lengths of stay are important considerations for the HSDA when reviewing psychiatric inpatient services applications.*

RESPONSE: The Applicant will meet this criteria. The proposed hospital will provide inpatient psychiatric services to all patients who meet its admission criteria. Prior to opening, the applicant will apply with the State of Tennessee for the ability to accept, and treat, involuntary patients. The applicant will accept dual-

diagnosis patients (i.e. those with mental illness and a comorbid substance abuse problem), as well as those mental health patients with comorbid medical conditions.

7. Patient Age Categorization: Patients should generally be categorized as children (0-12), adolescents (13-17), adults (18-64), or geriatrics (65+). While an adult inpatient psychiatric service can appropriately serve adults of any age, an applicant shall indicate if they plan to only serve a portion of the adult population so that the determination of need may be based on that age-limited population. Applicants shall be clear regarding the age range they intend to serve; given the small number of hospitals who serve younger children (12 and under), special consideration shall be given to applicants serving this age group. Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

Rationale: Based on stakeholder input, the Division has categorized the patient population into children, adolescents, adults, and geriatric. Each age category may require unique care.

RESPONSE: The Applicant will meet this criteria. The proposed hospital will provide inpatient psychiatric services to patients who meet its admission criteria in the 18-64 age range. Complimentary geriatric psychiatric inpatient services are provided at another facility adjacent to the proposed hospital.

8. Services to High-Need Populations: Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including patients who are involuntarily committed, uninsured, or low-income.

RESPONSE: The Applicant will meet this criteria. The Applicant intends to accept dual-diagnosis patients, TennCare and Tricare patients, and patients who are involuntarily admitted to the proposed facility.

9. Relationship to Existing Applicable Plans; Underserved Area and Populations: The proposal's relationships to underserved geographic areas and underserved population groups shall also be a significant consideration. The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered. The degree of projected financial participation in the Medicare and TennCare programs shall be considered.

Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall also include how the applicant's services may differ from existing services (e.g., specialized treatment of an age-limited group, acceptance of involuntary admissions, and differentiation by payor mix). Accessibility to specific special need groups shall also be discussed in the application.

Rationale: Based on stakeholder input, a number of factors, including occupancy, shall be considered in the context of general utilization trends. Additionally, several factors may be necessary to consider when determining occupancy including staffed beds verses licensed beds, the target patient population, and the operation of specialty units.

RESPONSE: The Applicant's project will significantly improve mental health services in the proposed service area. Currently, citizens in those counties are not simply underserved, they are not at all served in their communities because there are no adult psychiatric beds. Those needing adult inpatient psychiatric service are forced into a long drive from the Clarksville and surrounding area down I-24 to Nashville. Given traffic patterns to get into the greater Nashville area on this route, the drive can take anywhere from 45 minutes to likely 2 hours.

As mentioned in the justification for approval, the lack of orderly and efficient mental health care is evidenced by changes made by the acute care hospital in Clarksville. Recently, in an attempt to do something to handle the influx of the mental health population to its emergency department, Tennova Clarksville converted seven general ER beds to a type of short-term psychiatric “holding” emergency bed to accommodate those patients until out of county placement can be found. However, the individuals in those beds are not optimally provided with mental health care because there is no clinical programming provided and those beds are simply used to hold patients until an inpatient psychiatric admission can be completed.

The hospital will focus on short-term acute psychiatric care. The hospital will participate in both Medicare and TennCare/Medicaid and Tricare, and will therefore serve an underserved and in some cases indigent individuals.

10. Expansion of Established Facility: Applicants seeking to add beds to an existing facility shall provide documentation detailing the sustainability of the existing facility. This documentation shall include financials, and utilization rates. A facility seeking approval for expansion should have maintained an occupancy rate for all licensed beds of at least 80 percent for the previous year. The HSDA may take into consideration evidence provided by the applicant supporting the need for the expansion or addition of services without the applicant meeting the 80 percent threshold. Additionally, the applicant shall provide evidence that the existing facility was built and operates, in terms of plans, service area, and populations served, in accordance with the original project proposal.

Rationale: Based on stakeholder input, the implementation of an 80 percent threshold for the approval may serve as an indicator of economic feasibility for the expansion of the facility. The 80 percent occupancy requirement may limit an applicant's ability to add specialty services that require separation from other units. Examples include geriatric psychiatry, services for patients with co-occurring mental health needs and substance use disorders. Additionally, the majority of the programs in the state are currently operating under this threshold. The communities these programs serve may have needs that require an expansion of services. An applicant may provide evidence of the economic feasibility of expansion despite not operating at or above 80 percent of capacity.

RESPONSE: The criteria is not applicable to the Applicant because a new facility is proposed.

11. Licensure and Quality Considerations: Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems, and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LGBT population).

RESPONSE: Males and females will be housed in separate double rooms (2 same-sex patients to a room) with 1 private bathroom per room. Higher acuity patients, of either sex, will not have a roommate until the clinical staff feels it would be therapeutic, and will be placed in rooms closest to the Nursing Stations. Depending on patient census, dining may be done in two (2) shifts to further accommodate gender-specific needs. The applicant's facility will treat all patients equally and with respect. Ft. Campbell, KY, is located close to the proposed facility location. The applicant will contact the appropriate authorities at the military base to determine how the facility can best treat their active members and local veterans. For these potential patients, the Facility will recruit therapeutic staff that have specific training in treating PTSD and

will provide training for all staff on this condition. Any non-English speaking patients will be provided with translation services. Every effort will be taken to hire staff that is proficient in Spanish. Any LGBTQ patients who disclose their preferences, or if they are discovered, will be evaluated by the Facility's Social Services Director to determine appropriate housing accommodations. In most instances, these individuals would be the only occupant in the patient bedroom/bathroom.

12. Institution for Mental Disease Classification: It shall also be taken into consideration whether the facility is or will be classified as an Institution for Mental Disease (IMD). The criteria and formula involve not just the total number of beds, but the average daily census (ADC) of the inpatient psychiatric beds in relation to the ADC of the facility. When a facility is classified as an IMD, the cost of patient care for Bureau of TennCare enrollees aged 21-64 will be reimbursed using 100 percent state funds, with no matching federal funds provided; consequently, this potential impact shall be addressed in any CON application for inpatient psychiatric beds.

RESPONSE: It is the Applicant's understanding that as a free standing psychiatric facility, the hospital would be classified as an Institution for Mental Disease (IMD). However, it is also the Applicant's understanding that because Tennessee's Medicaid program is under a managed Medicaid waiver, the hospital would be exempt from the IMD exclusion.

13. Continuum of Care: Free standing inpatient psychiatric facilities typically provide only basic acute medical care following admission. This practice has been reinforced by Tenn. Code Ann. § 33-4-104, which requires treatment at a hospital or by a physician for a physical disorder prior to admission if the disorder requires immediate medical care and the admitting facility cannot appropriately provide the medical care. It is essential, whether prior to admission or during admission, that a process be in place to provide for or to allow referral for appropriate and adequate medical care. However, it is not effective, appropriate, or efficient to provide the complete array of medical services in an inpatient psychiatric setting.

RESPONSE: The Applicant will meet this criteria. The proposed hospital will be focused on providing limited psychiatric services to individuals with mental health needs. The proposed hospital will provide only appropriate and limited medical care upon admission. Patients with additional medical needs will be referred to medical staff of Tennova Clarksville, which is less than one-half mile from the proposed facility, or to medical staff at another facility of the patient's choice.

The Applicant's hospital will be able to provide medical care regarding laboratory, x-rays and diagnostic procedures via outside contract services. The hospital will also have a Medical Consultant on staff to provide medical coverage for patients. If a patient requires acute medical services or emergency medical treatment, the hospital has the following policy to ensure patients receive the required treatment.

1. If the patient comes to the hospital and has an emergency psychiatric condition, the hospital must provide either (a) further medical examination and treatment, including hospitalization, if necessary, as required to stabilize the psychiatric condition within the capabilities of the staff and facilities available at the hospital; or (b) transfer to another more appropriate or specialized facility. The Staff are directed to call 911 for immediate/emergency services and transfer.
2. If the Facility offers to transfer a patient to another facility and informs the patient or the legally responsible person of the risks and benefits to the person of the transfer but the patient or the person acting on the patient's behalf refuses to consent to the transfer, the Facility must take all reasonable steps to secure a written refusal from the patient or the person acting on the patient's behalf. The written refusal indicates the person has been informed of the risk and benefits of the transfer and states the reasons for such refusal. The patient's medical record must contain a description of the proposed transfer that was refused by the patient or the person acting on the patient's behalf.

3. A transfer to another facility is appropriate only in those cases in which:
 - a) The facility provides psychiatric medical treatment within its capabilities that minimizes the risks to the individual's health
 - b) The receiving facility has available space and qualified personnel for the treatment of the individual and had agreed to accept transfer and to provide appropriate treatment.
 - c) The facility sends to the receiving facility all medical records related to the emergency condition which the individual has presented that are available at the time of transfer, including available history, records related to the individual's emergency medical condition, observations of signs or symptoms, preliminary diagnosis, results of diagnostic studies or telephone reports of the studies, treatment provided, results of any tests and the informed written consent or written certification as required. This documentation must also include the name and address of any on-call practitioner who has refused or failed to appear within a reasonable time to provide necessary stabilizing treatment. Other records (i.e. test results not yet available from the transferring hospital at the time of the patient transfer) must be sent as soon as practical after such transfer. Records must accompany the patient whether or not the patient's emergency medical condition is stabilized.
 - d) The transfer is affected through qualified personnel and transportation equipment, as required, including the use of necessary and medically appropriate life support measures during the transfer.
4. The physician at the facility has the responsibility to determine appropriate mode of transportation, equipment and attends the necessary to affect a transfer to a receiving recipient facility.

14. Data Usage: The TDH and the TDMHSAS data on the current supply and utilization of licensed and CON-approved psychiatric inpatient beds shall be the data sources employed hereunder, unless otherwise noted. The TDMHSAS and the TDH Division of Health Licensure and Regulation have data on the current number of licensed beds. The applicable TDH JAR provides data on the number of beds in operation. Applicants should utilize data from both sources in order to provide an accurate bed inventory.

Rationale: Using these sources for data is the only way to ensure consistency across the evaluation of all applications. Data provided by the TDH and the TDMHSAS shall be relied upon as the primary sources of data for CON psychiatric inpatient services applications. Each data source has specific caveats. Requiring the use of both licensed beds and operating beds will provide a more comprehensive bed inventory analysis.

RESPONSE: The Applicant will meet this criteria. The Applicant has obtained and used factual and statistical data for this application from the Tennessee Department of Health's most current county-level population projections, Licensure reports, and Joint Annual Reports, and from public data available from the TDMHSAS. Any other sources where data has been obtained are footnoted in the application.

15. Adequate Staffing: An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe

care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project.

However, when considering applications for expansions of existing facilities, the HSDA may determine whether the existing facility's staff would continue without significant change and thus would be sufficient to meet this standard without a demonstration of efforts to recruit new staff.

RESPONSE: The Applicant will meet this criteria. The Applicant's Human Resources team will perform all of the required recruiting, initial competencies and training for staff members. A detailed projected staffing matrix is attached portion of Section B.

The Applicant will employ as the primary physician leader a Board Certified, Adult and Chemical Dependency Psychiatrist. Further, there will be a back-up psychiatrist. There will be a Consulting Registered Dietician and a full-time LCSW on staff as the Director of Social Services. Additional social worker staff and mental health support workers will also be recruited to provide therapeutic groups and activities. The Applicant will use 12-hour shifts for all direct patient care staff. The proposed staffing plan will lead to quality care of the patient population served by the project because trained and monitored nursing staff, in numbers based on patient acuity will be employed to ensure exemplary patient care and patient safety.

16. Community Linkage Plan: The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services assuring continuity of care (e.g., agreements between freestanding psychiatric facilities and acute care hospitals, linkages with providers of outpatient, intensive outpatient, and/or partial hospitalization services). If they are provided, letters from providers (e.g., physicians, mobile crisis teams, and/or managed care organizations) in support of an application shall detail specific instances of unmet need for psychiatric inpatient services. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

Rationale: The Division recognizes that participation in community linkage plans is an important element in the provision of quality psychiatric inpatient services; therefore, it is important for applicants to demonstrate such connections with other community providers. The 2014 update to the State Health Plan moved from a primary emphasis of health care to an emphasis on "health protection and promotion". The development of primary prevention initiatives for the community advances the mission of the State Health Plan.

RESPONSE: Please see the attached letters of support at the end of the application explaining the need for the project. The Applicant intends to coordinate with all providers of mental health services in the area to improve not only the access to inpatient services, but also the coordinate between the continuum of care from acute hospital to outpatient community based psychiatric care.

17. Access: The applicant must demonstrate an ability and willingness to serve equally all of the patients related to the application of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed service area.

RESPONSE: The Applicant will meet this criteria. The proposed service area currently has no adult inpatient psychiatric beds for individuals who need acute inpatient psychiatric care. The bed need methodology clearly indicates the need for the 48 bed proposed mental health hospital.

18. Quality Control and Monitoring: The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. An applicant that owns or administers other psychiatric facilities shall provide information on their surveys and their quality improvement programs at those facilities, whether they are located in Tennessee or not.

Rationale: This section supports the State Health Plan's Fourth Principle for Achieving Better Health regarding quality of care.

RESPONSE: The Applicant hospital will have data reporting for both internal and external purposes. The indicators will be set per CMS and are currently based on restraint usage, justification for anti-psychotic/discharge status, comfort measures, alcohol usage, tobacco usage, tobacco usage, influenza vaccination, transition of care, diagnosis coding and metabolic screening. The Risk Manager will complete the following documentation on each patient. This information is then submitted to a 3rd party contract service that will review and then send to CMS.

Attached to the response are improvement initiatives templates, which are based off of tools used in the other BHC geropsychiatric facilities. These goals will be set at the first of the year and measured each month. Both quality measures and performance indicators have tools and benchmarks. A monthly report will be kept on each indicator along with a dashboard. This data is shared with the corporate consultants on a monthly basis and the medical staff on a quarterly basis.

19. Data Requirements: Applicants shall agree to provide the TDH, the TDMHSAS, and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

RESPONSE: The Applicant will met this criteria and provide all reasonably requested information.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

Attachment Section B – Need – E
(Hospital JAR Admission Data)

Skyline 2016 JAR

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Admissions Data - County of Origin (All Services/Patients)

Cty #	Tennessee County of Residence	# of Adm / Disch	# of IP Days or DSC Pt Days	% of Adm / Disch (TN Only)	% of IP Days or DSC Pt Days (TN Only)	% of Adm / Disch (ALL States)	% of IP Days or DSC Pt Days (ALL States)
1	Anderson	6	32	0.15%	0.12%	0.15%	0.11%
2	Bedford	38	241	0.95%	0.88%	0.92%	0.85%
3	Benton	3	34	0.08%	0.12%	0.07%	0.12%
4	Bledsoe	-	-	0.00%	0.00%	0.00%	0.00%
5	Blount	7	54	0.18%	0.20%	0.17%	0.19%
6	Bradley	3	27	0.08%	0.10%	0.07%	0.10%
7	Campbell	-	-	0.00%	0.00%	0.00%	0.00%
8	Cannon	9	64	0.23%	0.23%	0.22%	0.23%
9	Carroll	2	16	0.05%	0.06%	0.05%	0.06%
10	Carter	1	6	0.03%	0.02%	0.02%	0.02%
11	Cheatham	100	740	2.51%	2.70%	2.43%	2.61%
12	Chester	-	-	0.00%	0.00%	0.00%	0.00%
13	Claiborne	-	-	0.00%	0.00%	0.00%	0.00%
14	Clay	3	19	0.08%	0.07%	0.07%	0.07%
15	Cocke	1	4	0.03%	0.01%	0.02%	0.01%
16	Coffee	29	229	0.73%	0.83%	0.70%	0.81%
17	Crockett	-	-	0.00%	0.00%	0.00%	0.00%
18	Cumberland	21	155	0.53%	0.56%	0.51%	0.55%
19	Davidson	1,475	10,194	36.96%	37.14%	35.84%	35.96%
20	Decatur	-	-	0.00%	0.00%	0.00%	0.00%
21	DeKalb	19	116	0.48%	0.42%	0.46%	0.41%
22	Dickson	131	849	3.28%	3.09%	3.18%	2.99%
23	Dyer	2	15	0.05%	0.05%	0.05%	0.05%
24	Fayette	-	-	0.00%	0.00%	0.00%	0.00%
25	Fentress	4	29	0.10%	0.11%	0.10%	0.10%
26	Franklin	15	113	0.38%	0.41%	0.36%	0.40%
27	Gibson	3	29	0.08%	0.11%	0.07%	0.10%
28	Giles	27	169	0.68%	0.62%	0.66%	0.60%
29	Grainger	1	12	0.03%	0.04%	0.02%	0.04%
30	Greene	2	20	0.05%	0.07%	0.05%	0.07%
31	Grundy	4	33	0.10%	0.12%	0.10%	0.12%
32	Hamblen	3	29	0.08%	0.11%	0.07%	0.10%
33	Hamilton	9	67	0.23%	0.24%	0.22%	0.24%
34	Hancock	-	-	0.00%	0.00%	0.00%	0.00%
35	Hardeman	-	-	0.00%	0.00%	0.00%	0.00%
36	Hardin	1	8	0.03%	0.03%	0.02%	0.03%
37	Hawkins	1	8	0.03%	0.03%	0.02%	0.03%
38	Haywood	-	-	0.00%	0.00%	0.00%	0.00%
39	Henderson	-	-	0.00%	0.00%	0.00%	0.00%

Skyline 2016 JAR

93
Admissions Data - County of Origin (All Services/Patients)

Cty #	Tennessee County of Residence	# of Adm / Disch	# of IP Days or DSC Pt Days	% of Adm / Disch (TN Only)	% of IP Days or DSC Pt Days (TN Only)	% of Adm / Disch (ALL States)	% of IP Days or DSC Pt Days (ALL States)
40	Henry	7	37	0.18%	0.13%	0.17%	0.13%
41	Hickman	41	310	1.03%	1.13%	1.00%	1.09%
42	Houston	5	34	0.13%	0.12%	0.12%	0.12%
43	Humphreys	22	153	0.55%	0.56%	0.53%	0.54%
44	Jackson	7	50	0.18%	0.18%	0.17%	0.18%
45	Jefferson	3	26	0.08%	0.09%	0.07%	0.09%
46	Johnson	-	-	0.00%	0.00%	0.00%	0.00%
47	Knox	21	128	0.53%	0.47%	0.51%	0.45%
48	Lake	-	-	0.00%	0.00%	0.00%	0.00%
49	Lauderdale	-	-	0.00%	0.00%	0.00%	0.00%
50	Lawrence	74	531	1.85%	1.93%	1.80%	1.87%
51	Lewis	7	42	0.18%	0.15%	0.17%	0.15%
52	Lincoln	14	83	0.35%	0.30%	0.34%	0.29%
53	Loudon	2	17	0.05%	0.06%	0.05%	0.06%
54	McMinn	5	38	0.13%	0.14%	0.12%	0.13%
55	McNairy	1	12	0.03%	0.04%	0.02%	0.04%
56	Macon	36	205	0.90%	0.75%	0.87%	0.72%
57	Madison	4	22	0.10%	0.08%	0.10%	0.08%
58	Marion	1	21	0.03%	0.08%	0.02%	0.07%
59	Marshall	21	137	0.53%	0.50%	0.51%	0.48%
60	Maury	93	671	2.33%	2.44%	2.26%	2.37%
61	Meigs	-	-	0.00%	0.00%	0.00%	0.00%
62	Monroe	3	14	0.08%	0.05%	0.07%	0.05%
63	Montgomery	357	2,359	8.95%	8.59%	8.67%	8.32%
64	Moore	-	-	0.00%	0.00%	0.00%	0.00%
65	Morgan	3	16	0.08%	0.06%	0.07%	0.06%
66	Obion	2	18	0.05%	0.07%	0.05%	0.06%
67	Overton	8	45	0.20%	0.16%	0.19%	0.16%
68	Perry	1	7	0.03%	0.03%	0.02%	0.02%
69	Pickett	-	-	0.00%	0.00%	0.00%	0.00%
70	Polk	-	-	0.00%	0.00%	0.00%	0.00%
71	Putnam	53	369	1.33%	1.34%	1.29%	1.30%
72	Rhea	1	4	0.03%	0.01%	0.02%	0.01%
73	Roane	3	15	0.08%	0.05%	0.07%	0.05%
74	Robertson	153	1,038	3.83%	3.78%	3.72%	3.66%
75	Rutherford	299	1,984	7.49%	7.23%	7.26%	7.00%
76	Scott	1	11	0.03%	0.04%	0.02%	0.04%
77	Sequatchie	-	-	0.00%	0.00%	0.00%	0.00%
78	Sevier	4	29	0.10%	0.11%	0.10%	0.10%

Skyline 2016 JAR

94
Admissions Data - County of Origin (All Services/Patients)

Cty #	Tennessee County of Residence	# of Adm / Disch	# of IP Days or DSC Pt Days	% of Adm / Disch (TN Only)	% of IP Days or DSC Pt Days (TN Only)	% of Adm / Disch (ALL States)	% of IP Days or DSC Pt Days (ALL States)
79	Shelby	10	91	0.25%	0.33%	0.24%	0.32%
80	Smith	31	203	0.78%	0.74%	0.75%	0.72%
81	Stewart	26	186	0.65%	0.68%	0.63%	0.66%
82	Sullivan	2	13	0.05%	0.05%	0.05%	0.05%
83	Sumner	413	2,877	10.35%	10.48%	10.03%	10.15%
84	Tipton	2	6	0.05%	0.02%	0.05%	0.02%
85	Trousdale	22	127	0.55%	0.46%	0.53%	0.45%
86	Unicoi	-	-	0.00%	0.00%	0.00%	0.00%
87	Union	-	-	0.00%	0.00%	0.00%	0.00%
88	Van Buren	6	43	0.15%	0.16%	0.15%	0.15%
89	Warren	24	158	0.60%	0.58%	0.58%	0.56%
90	Washington	-	-	0.00%	0.00%	0.00%	0.00%
91	Wayne	7	63	0.18%	0.23%	0.17%	0.22%
92	Weakley	1	4	0.03%	0.01%	0.02%	0.01%
93	White	21	182	0.53%	0.66%	0.51%	0.64%
94	Williamson	71	558	1.78%	2.03%	1.72%	1.97%
95	Wilson	183	1,202	4.59%	4.38%	4.45%	4.24%
96	TN County Unknown	-	-	0.00%	0.00%	0.00%	0.00%
TN TOTALS		3,991	27,451	97%	97%		
	Alabama	7	58	5.60%	6.47%	0.17%	0.20%
	Georgia	7	49	5.60%	5.46%	0.17%	0.17%
	Mississippi	1	11	0.80%	1.23%	0.02%	0.04%
	Arkansas	-	-	0.00%	0.00%	0.00%	0.00%
	Missouri	-	-	0.00%	0.00%	0.00%	0.00%
	Kentucky	51	386	40.80%	43.03%	1.24%	1.36%
	Virginia	3	38	2.40%	4.24%	0.07%	0.13%
	NC	2	22	1.60%	2.45%	0.05%	0.08%
	Ohio	6	34	4.80%	3.79%	0.15%	0.12%
	Michigan	5	47	4.00%	5.24%	0.12%	0.17%
	Other States	43	252	34.40%	28.09%	1.04%	0.89%
OTHER TOTALS		125	897	3%	3%		
GRAND TOTAL		4,116	28,348				

Henry Cty MC 2016 JAR

Admissions Data - County of Origin (All Services/Patients)

95

Cty #	Tennessee County of Residence	# of Adm / Disch	# of IP Days or DSC Pt Days	% of Adm / Disch (TN Only)	% of IP Days or DSC Pt Days (TN Only)	% of Adm / Disch (ALL States)	% of IP Days or DSC Pt Days (ALL States)
1	Anderson			0.00%	0.00%	0.00%	0.00%
2	Bedford			0.00%	0.00%	0.00%	0.00%
3	Benton	554	2,028	13.88%	16.13%	13.46%	7.39%
4	Bledsoe			0.00%	0.00%	0.00%	0.00%
5	Blount			0.00%	0.00%	0.00%	0.00%
6	Bradley			0.00%	0.00%	0.00%	0.00%
7	Campbell			0.00%	0.00%	0.00%	0.00%
8	Cannon			0.00%	0.00%	0.00%	0.00%
9	Carroll	356	1,343	8.92%	10.68%	8.65%	4.89%
10	Carter			0.00%	0.00%	0.00%	0.00%
11	Cheatham	3	19	0.08%	0.15%	0.07%	0.07%
12	Chester	4	12	0.10%	0.10%	0.10%	0.04%
13	Claiborne			0.00%	0.00%	0.00%	0.00%
14	Clay			0.00%	0.00%	0.00%	0.00%
15	Cocke			0.00%	0.00%	0.00%	0.00%
16	Coffee			0.00%	0.00%	0.00%	0.00%
17	Crockett	4	15	0.10%	0.12%	0.10%	0.05%
18	Cumberland			0.00%	0.00%	0.00%	0.00%
19	Davidson	6	29	0.15%	0.23%	0.15%	0.11%
20	Decatur	7	26	0.18%	0.21%	0.17%	0.09%
21	DeKalb			0.00%	0.00%	0.00%	0.00%
22	Dickson	1	11	0.03%	0.09%	0.02%	0.04%
23	Dyer	8	28	0.20%	0.22%	0.19%	0.10%
24	Fayette			0.00%	0.00%	0.00%	0.00%
25	Fentress			0.00%	0.00%	0.00%	0.00%
26	Franklin	2		0.05%	0.00%	0.05%	0.00%
27	Gibson	2	3	0.05%	0.02%	0.05%	0.01%
28	Giles	29	127	0.73%	1.01%	0.70%	0.46%
29	Grainger			0.00%	0.00%	0.00%	0.00%
30	Greene			0.00%	0.00%	0.00%	0.00%
31	Grundy			0.00%	0.00%	0.00%	0.00%
32	Hamblen			0.00%	0.00%	0.00%	0.00%
33	Hamilton			0.00%	0.00%	0.00%	0.00%
34	Hancock			0.00%	0.00%	0.00%	0.00%
35	Hardeman			0.00%	0.00%	0.00%	0.00%
36	Hardin	2	15	0.05%	0.12%	0.05%	0.05%
37	Hawkins			0.00%	0.00%	0.00%	0.00%
38	Haywood			0.00%	0.00%	0.00%	0.00%
39	Henderson	14	50	0.35%	0.40%	0.34%	0.18%

Henry Cty MC 2016 JAR Admissions Data - County of Origin (All Services/Patients)

26

40	Henry	1,852	6,802	46.40%	54.10%	45.00%	24.78%
41	Hickman	2	10	0.05%	0.08%	0.05%	0.04%
42	Houston	26	144	0.65%	1.15%	0.63%	0.52%
43	Humphreys	28	98	0.70%	0.78%	0.68%	0.36%
44	Jackson			0.00%	0.00%	0.00%	0.00%
45	Jefferson			0.00%	0.00%	0.00%	0.00%
46	Johnson			0.00%	0.00%	0.00%	0.00%
47	Knox			0.00%	0.00%	0.00%	0.00%
48	Lake			0.00%	0.00%	0.00%	0.00%
49	Lauderdale	1	5	0.03%	0.04%	0.02%	0.02%
50	Lawrence	3	12	0.08%	0.10%	0.07%	0.04%
51	Lewis			0.00%	0.00%	0.00%	0.00%
52	Lincoln			0.00%	0.00%	0.00%	0.00%
53	Loudon			0.00%	0.00%	0.00%	0.00%
54	McMinn			0.00%	0.00%	0.00%	0.00%
55	McNairy	4	11	0.10%	0.09%	0.10%	0.04%
56	Macon			0.00%	0.00%	0.00%	0.00%
57	Madison	9	50	0.23%	0.40%	0.22%	0.18%
58	Marion			0.00%	0.00%	0.00%	0.00%
59	Marshall			0.00%	0.00%	0.00%	0.00%
60	Maury	3	14	0.08%	0.11%	0.07%	0.05%
61	Meigs			0.00%	0.00%	0.00%	0.00%
62	Monroe			0.00%	0.00%	0.00%	0.00%
63	Montgomery	16	87	0.40%	0.69%	0.39%	0.32%
64	Moore			0.00%	0.00%	0.00%	0.00%
65	Morgan			0.00%	0.00%	0.00%	0.00%
66	Obion	37	171	0.93%	1.36%	0.90%	0.62%
67	Overton			0.00%	0.00%	0.00%	0.00%
68	Perry	1	3	0.03%	0.02%	0.02%	0.01%
69	Pickett			0.00%	0.00%	0.00%	0.00%
70	Polk			0.00%	0.00%	0.00%	0.00%
71	Putnam			0.00%	0.00%	0.00%	0.00%
72	Rhea			0.00%	0.00%	0.00%	0.00%
73	Roane	1	8	0.03%	0.06%	0.02%	0.03%
74	Robertson	6	31	0.18%	0.25%	0.15%	0.11%
75	Rutherford	2	4	0.06%	0.03%	0.05%	0.01%
76	Scott			0.00%	0.00%	0.00%	0.00%
77	Sequatchie			0.00%	0.00%	0.00%	0.00%
78	Sevier			0.00%	0.00%	0.00%	0.00%
79	Shelby	4	10	0.12%	0.08%	0.10%	0.04%
80	Smith			0.00%	0.00%	0.00%	0.00%
81	Stewart	180	680	5.35%	5.41%	4.37%	2.48%
82	Sullivan			0.00%	0.00%	0.00%	0.00%
83	Sumner	2	7	0.06%	0.06%	0.05%	0.03%

Henry Cty MC 2016 JAR

Admissions Data - County of Origin (All Services/Patients)

97

84	Tipton			0.00%	0.00%	0.00%	0.00%
85	Trousdale			0.00%	0.00%	0.00%	0.00%
86	Unicoi			0.00%	0.00%	0.00%	0.00%
87	Union			0.00%	0.00%	0.00%	0.00%
88	Van Buren			0.00%	0.00%	0.00%	0.00%
89	Warren			0.00%	0.00%	0.00%	0.00%
90	Washington			0.00%	0.00%	0.00%	0.00%
91	Wayne			0.00%	0.00%	0.00%	0.00%
92	Weakley	194	709	5.77%	5.64%	4.71%	2.58%
93	White			0.00%	0.00%	0.00%	0.00%
94	Williamson	2	10	0.06%	0.08%	0.05%	0.04%
95	Wilson			0.00%	0.00%	0.00%	0.00%
96	TN County Unknown			0.00%	0.00%	0.00%	0.00%
TN TOTALS		3,365	12,572	100%	100%		
	Alabama	1	11	1.32%	2.61%	0.03%	0.08%
	Georgia	3	10	3.95%	2.37%	0.09%	0.08%
	Mississippi	1	5	1.32%	1.18%	0.03%	0.04%
	Arkansas	1	3	1.32%	0.71%	0.03%	0.02%
	Missouri	1	5	1.32%	1.18%	0.03%	0.04%
	Kentucky (Total)	54	315	71.05%	74.64%	1.57%	2.42%
	Kentucky (Graves)	10	46	13.16%	10.90%	0.29%	0.35%
	Kentucky (Calloway)	30	146	39.47%	34.60%	0.87%	1.12%
	Kentucky (Other)	14	123	18.42%	29.15%	0.41%	0.95%
	Virginia	-	-	0.00%	0.00%	0.00%	0.00%
	NC	1	2	1.32%	0.47%	0.03%	0.02%
	Indiana	2	17	2.63%	4.03%	0.06%	0.13%
	Florida	2	8	2.63%	1.90%	0.06%	0.06%
	Other States	10	46	13.16%	10.90%	0.29%	0.35%
OTHER TOTALS		76	422	2%	3%		
GRAND TOTAL		3,441	12,994				

Tennova 2016 JAR

98
Admissions Data - County of Origin (All Services/Patients)

Cty #	Tennessee County of Residence	# of Adm / Disch	# of IP Days or DSC Pt Days	% of Adm / Disch (TN Only)	% of IP Days or DSC Pt Days (TN Only)	% of Adm / Disch (ALL States)	% of IP Days or DSC Pt Days (ALL States)
1	Anderson	1	7	0.01%	0.02%	0.01%	0.02%
2	Bedford			0.00%	0.00%	0.00%	0.00%
3	Benton	2	4	0.02%	0.01%	0.02%	0.01%
4	Bledsoe			0.00%	0.00%	0.00%	0.00%
5	Blount			0.00%	0.00%	0.00%	0.00%
6	Bradley			0.00%	0.00%	0.00%	0.00%
7	Campbell			0.00%	0.00%	0.00%	0.00%
8	Cannon			0.00%	0.00%	0.00%	0.00%
9	Carroll			0.00%	0.00%	0.00%	0.00%
10	Carter			0.00%	0.00%	0.00%	0.00%
11	Cheatham	60	270	0.64%	0.80%	0.58%	0.73%
12	Chester			0.00%	0.00%	0.00%	0.00%
13	Claiborne			0.00%	0.00%	0.00%	0.00%
14	Clay			0.00%	0.00%	0.00%	0.00%
15	Cocke			0.00%	0.00%	0.00%	0.00%
16	Coffee	1	1	0.01%	0.00%	0.01%	0.00%
17	Crockett			0.00%	0.00%	0.00%	0.00%
18	Cumberland	1	2	0.01%	0.01%	0.01%	0.01%
19	Davidson	49	135	0.52%	0.40%	0.48%	0.36%
20	Decatur	3	37	0.03%	0.11%	0.03%	0.10%
21	DeKalb			0.00%	0.00%	0.00%	0.00%
22	Dickson	106	376	1.13%	1.11%	1.03%	1.01%
23	Dyer			0.00%	0.00%	0.00%	0.00%
24	Fayette	1	7	0.01%	0.02%	0.01%	0.02%
25	Fentress			0.00%	0.00%	0.00%	0.00%
26	Franklin	2	4	0.02%	0.01%	0.02%	0.01%
27	Gibson	2	4	0.02%	0.01%	0.02%	0.01%
28	Giles			0.00%	0.00%	0.00%	0.00%
29	Grainger			0.00%	0.00%	0.00%	0.00%
30	Greene			0.00%	0.00%	0.00%	0.00%
31	Grundy			0.00%	0.00%	0.00%	0.00%
32	Hamblen			0.00%	0.00%	0.00%	0.00%
33	Hamilton			0.00%	0.00%	0.00%	0.00%
34	Hancock			0.00%	0.00%	0.00%	0.00%
35	Hardeman			0.00%	0.00%	0.00%	0.00%
36	Hardin	1	3	0.01%	0.01%	0.01%	0.01%
37	Hawkins			0.00%	0.00%	0.00%	0.00%
38	Haywood			0.00%	0.00%	0.00%	0.00%
39	Henderson			0.00%	0.00%	0.00%	0.00%

Tennova 2016 JAR

99
Admissions Data - County of Origin (All Services/Patients)

Cty #	Tennessee County of Residence	# of Adm / Disch	# of IP Days or DSC Pt Days	% of Adm / Disch (TN Only)	% of IP Days or DSC Pt Days (TN Only)	% of Adm / Disch (ALL States)	% of IP Days or DSC Pt Days (ALL States)
40	Henry	12	112	0.13%	0.33%	0.12%	0.30%
41	Hickman	4	13	0.04%	0.04%	0.04%	0.04%
42	Houston	177	567	1.88%	1.68%	1.73%	1.53%
43	Humphreys	12	24	0.13%	0.07%	0.12%	0.06%
44	Jackson			0.00%	0.00%	0.00%	0.00%
45	Jefferson			0.00%	0.00%	0.00%	0.00%
46	Johnson			0.00%	0.00%	0.00%	0.00%
47	Knox			0.00%	0.00%	0.00%	0.00%
48	Lake			0.00%	0.00%	0.00%	0.00%
49	Lauderdale			0.00%	0.00%	0.00%	0.00%
50	Lawrence			0.00%	0.00%	0.00%	0.00%
51	Lewis			0.00%	0.00%	0.00%	0.00%
52	Lincoln			0.00%	0.00%	0.00%	0.00%
53	Loudon			0.00%	0.00%	0.00%	0.00%
54	McMinn			0.00%	0.00%	0.00%	0.00%
55	McNairy	2	5	0.02%	0.01%	0.02%	0.01%
56	Macon	1	5	0.01%	0.01%	0.01%	0.01%
57	Madison	1	2	0.01%	0.01%	0.01%	0.01%
58	Marion	1	2	0.01%	0.01%	0.01%	0.01%
59	Marshall			0.00%	0.00%	0.00%	0.00%
60	Maury	3	8	0.03%	0.02%	0.03%	0.02%
61	Meigs			0.00%	0.00%	0.00%	0.00%
62	Monroe			0.00%	0.00%	0.00%	0.00%
63	Montgomery	8,310	29,948	88.46%	88.64%	81.02%	80.66%
64	Moore	2	3	0.02%	0.01%	0.02%	0.01%
65	Morgan			0.00%	0.00%	0.00%	0.00%
66	Obion	2	3	0.02%	0.01%	0.02%	0.01%
67	Overton			0.00%	0.00%	0.00%	0.00%
68	Perry	1	2	0.01%	0.01%	0.01%	0.01%
69	Pickett			0.00%	0.00%	0.00%	0.00%
70	Polk			0.00%	0.00%	0.00%	0.00%
71	Putnam			0.00%	0.00%	0.00%	0.00%
72	Rhea			0.00%	0.00%	0.00%	0.00%
73	Roane			0.00%	0.00%	0.00%	0.00%
74	Robertson	106	340	1.13%	1.01%	1.03%	0.92%
75	Rutherford	2	3	0.02%	0.01%	0.02%	0.01%
76	Scott			0.00%	0.00%	0.00%	0.00%
77	Sequatchie			0.00%	0.00%	0.00%	0.00%
78	Sevier			0.00%	0.00%	0.00%	0.00%

Tennova 2016 JAR

100
Admissions Data - County of Origin (All Services/Patients)

Cty #	Tennessee County of Residence	# of Adm / Disch	# of IP Days or DSC Pt Days	% of Adm / Disch (TN Only)	% of IP Days or DSC Pt Days (TN Only)	% of Adm / Disch (ALL States)	% of IP Days or DSC Pt Days (ALL States)
79	Shelby	4	8	0.04%	0.02%	0.04%	0.02%
80	Smith			0.00%	0.00%	0.00%	0.00%
81	Stewart	492	1,745	5.24%	5.16%	4.80%	4.70%
82	Sullivan	2	8	0.02%	0.02%	0.02%	0.02%
83	Sumner	7	34	0.07%	0.10%	0.07%	0.09%
84	Tipton			0.00%	0.00%	0.00%	0.00%
85	Trousdale			0.00%	0.00%	0.00%	0.00%
86	Unicoi			0.00%	0.00%	0.00%	0.00%
87	Union			0.00%	0.00%	0.00%	0.00%
88	Van Buren			0.00%	0.00%	0.00%	0.00%
89	Warren	1	2	0.01%	0.01%	0.01%	0.01%
90	Washington	1	3	0.01%	0.01%	0.01%	0.01%
91	Wayne			0.00%	0.00%	0.00%	0.00%
92	Weakley	1	5	0.01%	0.01%	0.01%	0.01%
93	White			0.00%	0.00%	0.00%	0.00%
94	Williamson	12	74	0.13%	0.22%	0.12%	0.20%
95	Wilson	4	11	0.04%	0.03%	0.04%	0.03%
96	TN County Unknown	5	10	0.05%	0.03%	0.05%	0.03%
TN TOTALS		9,394	33,787	92%	91%		
	Alabama	13	50	1.51%	0.01	0.13%	0.13%
	Georgia	7	66	0.81%	0.02	0.07%	0.18%
	Mississippi	6	16	0.70%	0.00	0.06%	0.04%
	Arkansas	1	3	0.12%	0.00	0.01%	0.01%
	Missouri	5	18	0.58%	0.01	0.05%	0.05%
	Kentucky	696	2,761	80.65%	0.83	6.79%	7.44%
	Virginia	6	14	0.70%	0.00	0.06%	0.04%
	NC	6	15	0.70%	0.00	0.06%	0.04%
	Other States	123	400	14.25%	0.12	1.20%	1.08%
OTHER TOTALS		863	3,343	8%	9%		
GRAND TOTAL		10,257	37,130				

SECTION B: ECONOMIC FEASIBILITY

Attachment A-5

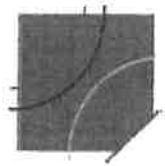
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Documentation from Architect/Contractor
Supporting Construction Costs

JJCA

January 12, 2018

Ms. Melanie Hill, Director
Tennessee Health Facilities Commission
Andrew Jackson State Office Building
502 Deaderick Street, 9th Floor
Nashville, Tennessee 37243



Re: American Health Companies - Clarksville TN (17724.00) - Planning (00)
Subject: American Health Companies - Clarksville 48 Bed Addition

Dear Ms. Hill,

I am with Johnson Johnson Crabtree Architects, P.C., who are assisting Unity Psychiatric Services Clarksville, LLC with the development of the proposed adult psychiatric hospital in Clarksville, TN.

From the information we have reviewed, we have evaluated the total projected costs cited in the application for this project and believe that the estimated construction costs of \$9,146,761.00 to be reasonable based on our experience and judgement.

The 48-Bed psychiatric hospital unit depicted on the CON documents is proposed to be a 2 story, 27,743 square foot structure with 2 units, each housing 24 beds on each floor. The building will be designed to complement the existing campus utilizing a steel frame structure and masonry veneer construction. The construction type will be Type IIB, occupancy type I-2, and be fully sprinklered. Through a shared services arrangement, the proposed hospital will receive some of its hospital services from the facilities already located nearby the proposed site. The existing psychiatric hospital on the campus will supply various administrative support functions.

The proposed new hospital will be physically attached to the building where the existing licensed geropsychiatric hospital is located. The proposed facility will have a separate public entrance lobby and provide 2 assessment rooms for walk in admissions. Admissions to the hospital will come through the public entrance, or through ambulance entrance, either via ambulance or police vehicle.

The site is constrained so careful attention during design will need to be given to storm water and site drainage strategies as well as appropriately addressing existing karst features on the site. Due to these constraints the site development costs may be higher than a typical site.

In the design of this addition the architect will endeavor consistent with the standard of care to conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority. The final construction is anticipated to meet all requirements for licensure as a mental health hospital.

Should you have any other questions for which I can be of assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Brown", with a long horizontal flourish extending to the right.

David J. Brown Architect AIA
Managing Partner, JJCA PC

cc:

Jason Bailey:Christopher Puri
Tim Morgan - JJCA

SECTION B: ECONOMIC FEASIBILITY

Attachment B-5

Documentation of Cash Reserves
from Chief Financial Officer



January 15, 2018

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: Unity Psychiatric Services Clarksville, LLC

Dear Ms. Hill:

Please be advised that funding for the development of forty-eight (48) bed adult psychiatric hospital at Unity Psychiatric Services Clarksville, LLC, which is the subject of a certificate of need application, will be provided by its parent company, American Health Companies, Inc. The capital funding required for this project is estimated to be Twelve Million Seven Hundred Forty-Six Thousand Five Hundred Dollars (\$12,746,500) and is available through the resources of American Health Companies, Inc.

For clarification, I am the Treasurer of Unity Psychiatric Services Clarksville, LLC. and Chief Financial Officer of both American Health Companies, Inc. and Tennessee Health Management, Inc. Unity Psychiatric Services Clarksville, LLC., is a wholly owned subsidiary of American Health Companies, Inc., and will be managed by Tennessee Health Management, Inc., a leading provider in the long-term care and behavioral health sectors.

The Company currently has operations in over 50 locations throughout Tennessee and Northern Alabama employing over 4,000 people. The provider portfolio consists of, but not limited to, 29 skilled nursing facilities, 5 behavioral health hospitals, home health, hospice, therapy and rehabilitation services and an institutional pharmacy.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

American Health Companies, Inc.

A handwritten signature in dark ink, appearing to read "JBogle", is written over a horizontal line.

Jeff Bogle

Chief Financial Officer

January 29, 2017

3:41 PM



January 26, 2018

Mr. Jeff Bogle
Chief Financial Officer
American Health Companies, Inc.
201 Jordan Road, Suite 200
Franklin, TN 37067

Dear Mr. Bogle:

Please allow this letter to serve as verification that American Health Companies, Inc. currently has in excess of \$12,700,000 on deposit with FirstBank.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Douglas A. Remke'.

Douglas A. Remke
Senior Vice President

Letters of Support



275 Cumberland Bend Drive | Nashville | Tennessee | 37228 | Phone: 615-726-3340 | www.mhc-tn.org

January 2, 2018

Henry Watson
Vice President of Corporate Development
American Health Companies, Inc.
201 Jordan Road
Franklin, TN 37067

Dear Mr. Watson,

I am writing in support of the certificate of need application submitted by American Health Companies, Inc. for the establishment of a behavioral health hospital in Clarksville, TN focused on the adult patient population.

This hospital will help meet the needs of patients that currently do not have access to such services. Patients frequently have to be boarded in emergency rooms while they are waiting for disposition and transfer to an appropriate facility. There are no adult or adolescent beds located in the targeted service area.

Please consider this application and feel free to contact me at 615-743-1401 if you have any further questions.

Sincerely,

Pam Womack, CEO
Mental Health Cooperative
275 Cumberland Bend Drive
Nashville TN 37228
615 743-1401
pjwomack@mhc-tn.org
www.mhc-tn.org



January 10, 2018

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

Dear Ms. Hill,

I am writing in support of the certificate of need application submitted by American Health Companies, Inc. for the establishment of a behavioral health hospital in Clarksville, TN focused on the adult population.

Clarksville has long been underserved by the Psychiatric community. Any patient in need of in-patient services has faced long emergency room visits waiting for referral to a distant facility. Compounding this problem is the fact that once treated in a hospital 50 or more miles away, they still will not be connected to effective out-patient treatment in their own community. Having a hospital in the community will not only alleviate the urgent need for treatment but also will give an incentive for the Psychiatric community to build out-patient practices there.

Wellness Solutions focuses on the Psychiatric needs of geriatric patients and we provide in-patient treatment for a 26 bed geriatric unit in Clarksville. We receive daily calls looking for treatment for younger patients who face months long waits for appointments in the area and who are reluctant to commit to treatment at a distance. Additionally, we have spent a great deal of time and effort trying to recruit Psychiatrists and Psychiatric Nurse Practitioners to live and work in the Clarksville area but have not, to this point been able to overcome the limited treatment options for their patients.

An adult in-patient psychiatric hospital is a critical step in the right direction to fill the void of current psychiatric services.

Sincerely,

John Cain, MD
Medical Director

MARK E. GREEN, M.D.

SENATOR
22ND SENATORIAL DISTRICT

SUITE 4, LEGISLATIVE PLAZA
NASHVILLE, TENNESSEE 37243-0207
(615) 741-2374 - FAX: (615) 253-0193

Senate Chamber
State of Tennessee

1ST VICE-CHAIR
COMMERCE, LABOR

MEMBER OF COMMITTEES

ENERGY, AGRICULTURE, NATURAL
RESOURCES

January 10, 2018

Ms. Melanie Hill, Executive Director
Tennessee Health services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, TN 37243

Dear Ms. Hill:

I am writing in support of the certificate of need application submitted by American Health Companies, Inc. for the establishment of a behavioral health hospital in Clarksville, TN focused on the adult patient population.

This hospital will help meet the needs of individuals who currently do not have access to such services. Patients are frequently boarded in the emergency room while awaiting disposition and transfer to an appropriate psychiatric or detox facility. I believe there is a great need for inpatient psychiatric services in the Montgomery and surrounding counties as there are no adult or adolescent beds located in the targeted service area.

Please consider this application and feel free to contact me at (615) 741-2374 if you have any further questions.

Sincerely,



Mark E. Green, M.D.
State Senator
District 22

January 2, 2018

Ms. Melanie Hill
Executive Director
Tennessee Health services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, TN 37243

Dear Ms. Hill,

My name is Dr. Oba Hollie and I am a primary care provider at Unity Medical Clinic. I am writing you in support of the certificate of need application submitted by American Health Companies, Inc. for the establishment of a behavioral health hospital in Clarksville, TN focused on the adult patient population.

This hospital will help meet the needs of patients that currently do not have access to such services. Patients frequently have to be boarded in emergency rooms while they are waiting for disposition and transfer to an appropriate facility. I believe there are hundreds of patients in the Clarksville area that are currently underserved or not appropriately served. There are no adult or adolescent beds located in the targeted service area.

Please consider this application and feel free to contact me at 931-245-3580 if you have any further questions or concerns.

Sincerely,



Oba H. Hollie, M.D.

Proof of Publication

TENNESSEAN.COM ■ WEDNESDAY, JANUARY 10, 2018 ■ 7C

ASSIFIED

C002651321

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

Unify Psychiatric Services Clarksville, LLC (a proposed mental health hospital), to be owned by American Health Companies, Inc. (a Tennessee corporation), and to be managed by Tennessee Health Management, Inc. (a Tennessee corporation), intends to file an application for Certificate of Need to establish a mental health hospital for adult patients, to be located at the southwest corner of the intersection of Chesapeake Lane and Professional Park Drive, adjacent to the existing building which houses Behavioral Healthcare Center at Clarksville at 930 Professional Park Drive, Clarksville, TN 37040 in Montgomery County. The project will be located on a portion of a 3.15-acre parcel identified as Parcel ID 040G A 00200 040 in the property records of Montgomery County. The estimated project cost is \$12,745,500.00.

The project will seek licensure by the Tennessee Department of Mental Health and Substance Abuse Services as a 40-bed mental health hospital. The project does not initiate or discontinue any other health service and it will not affect any other facility's licensed bed complements.

The anticipated date of filing the application is January 12, 2018. The contact person for this project is Christopher Purl who may be reached at Bradley Arant Boult Cummings LLP, 1400 Division Street, STE 700, Nashville, 37203 Phone: 615-252-4643; Email: cpurl@bradley.com.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Affidavit

116

JAN 15 2018 PM 2:44

AFFIDAVITSTATE OF TennesseeCOUNTY OF Davidson

Christopher C. Puri, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Chris Puri
SIGNATURE/TITLE

Sworn to and subscribed before me this 12th day of January, 2018 a Notary
(Month) (Year)

Public in and for the County/State of Davidson County, Tennessee.

James L. Murphy III
NOTARY PUBLIC
STATE OF TENNESSEE
NOTARIAL PUBLIC
My Commission Expires May 5 2020

My commission expires May 5, 2020.
(Month/Day) (Year)

Supplemental #1 (Copy)

Unity Psychiatric Services
Clarksville, LLC

CN1801-005

January 29, 2017

3:41 PM

Responses to January 23, 2018 First Supplemental Questions -
Application CN1801-005 (Unity Psychiatric Services Clarksville, LLC)
Submitted January 29, 2018

1. Section A, Project Details, Item 4.B (Ownership), Page 3

Please provide a general description of American Health Companies, Inc. including a discussion of other health care institutions owned by type and their location by state.

Does the applicant's parent company own other health care institutions in Tennessee? If yes, please provide the name, current address, current status of Licensure/certification, and percentage of ownership for each health care institution identified.

RESPONSE: American Health Companies, Inc. (AHC) is a holding company for a family of companies dedicated to high quality comprehensive healthcare services to its members and patients. AHC provides a wide variety of services spanning across five major categories: skilled nursing and rehabilitation, home health and homecare, hospice, and psychiatric care for older adults. There are several business entities/business lines under AHC:

- Behavioral Health Centers owns and manages five inpatient psychiatric hospitals that focus on providing geriatric psychiatric services.
- AHC owns and manages nursing homes certified for Medicare (SNF) and Medicaid (NF) in Tennessee and Alabama.
- Tennessee Quality Home Care provides hospice and home care services through a parent and twelve (12) branch offices located in West Tennessee.
- Tennessee Health Management, Inc. (THM) is a management company providing services to AHC health care facilities.
- Rehab America is a Medicare-certified therapy company that focuses on providing rehabilitation therapy.
- TruHealth contracts with and employs physicians and nurse practitioners throughout the continuum of post-acute care, and provides those services to various long term care and behavioral health facilities.
- AmPharm is a long-term care pharmacy providing comprehensive pharmacy services including specialized packaging, IV and compounding services.
- AmMed is a Durable Medical Equipment & Medical Supplier (DMEPOS).
- American Health Plans is a health plan as well as a Medicare Advantage Dual Eligible Special Needs Plan (D-SPN) which provides nursing home residents access to customized, high quality healthcare.

A listing of the health care institutions requested by the question is included as Attachment First Supplemental - Question 1. That listing includes the name, current address, current licensure status, and percentage ownership for each health care institution identified.

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Page 2

2. Section A, Project Details, Item 5 (Management/Operating Entity), Page 3

Please provide a brief overview of Tennessee Health Management, Inc. and their experience in managing inpatient psychiatric units for ages 18-64.

RESPONSE: THM is a health care company affiliated with AHC that provides health care services and manages various health care facilities under AHC. THM has managed geriatric psychiatric facilities for over 10 years. That experience is largely transferrable to the management of adult psychiatric facilities because there is a significant overlap in the clinical, operational, regulatory and administrative between geriatric and adult psychiatric facilities. The Applicant and its affiliates have also bolstered their experience and expertise in preparation for pursuing an expansion into adult psychiatric business, particularly in its clinical staff. Through its affiliated entities, THM and the Applicant have employed a Psychiatric Medical Director, Dr. Karen Berry, with 33 years of experience with the adult population. Dr. Berry's resume' is attached at Attachment First Supplemental - Question 2. It has also hired an operational leader with 37 years of experience with the adult population, Lynn Lemke. Additionally, THM's affiliated organization, Unity Physician Partners, has provided outpatient care to 18-64 year old patients with behavioral health needs in the Clarksville market since 2013.

3. Section A, Project Details, Item A (Description) Page 4

Please provide a fully executed option to lease agreement.

RESPONSE: A fully executed signature page from the previously submitted option to lease agreement is attached at Attachment First Supplemental - Question 3.

4. Section A. Applicant Profile, Item I, 6B (2) Floor Plan, Page 4

The floor plan is noted. However, please provide a revised floor plan that notes private and semi-private rooms.

RESPONSE: All of the rooms in the proposed facility will be semi-private rooms, so each of the rooms denoted on the floor plan is a semi-private room. A revised floor plan with that notation is attached as Attachment First Supplemental - Question 4.

5. Section A. Applicant Profile, Item 3 Executive Summary

Please clarify why the applicant is seeking a separate license for the proposed 18-64 inpatient unit hospital than rather being under one hospital license with the existing geriatric hospital.

Please clarify what services will be shared with the existing geriatric hospital.

RESPONSE: The Applicant is requesting a separately licensed facility for the programmatic and physical plant reasons discussed on page 29 of the Application's main responses (in response to

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Page 3

the request for a discussion of alternatives to the project). A separately licensed facility is also more advisable to the Applicant because it will be operated somewhat independently, and will likely have accreditation from different entities (C.A.R.F. for the existing geriatric hospital and Joint Commission for the proposed facility).

The Applicant plans to share or benefit from the following services with the existing geriatric psychiatric facility: Food preparation and dietary services, transportation services, software services including the electronic health record (there is a large savings to simply add another license compared to new implementation), and therapy services.

6. Section B, Need, Item 1.a. (Psychiatric Inpatient Services-Service Specific Criteria-)

Please complete the following table to determine psychiatric bed need (1).

	Population 2020	Gross Need Pop. X (30 beds/100,000)	Current licensed beds	Net Need
	Adults 18-64	Adults 18-64	Adults 18-64	Adults 18-64
Proposed Primary Service Area	157,903	47	0	47
Proposed Secondary Service Area	51,589	15	22	-7
Total	209,492	62	22	40

RESPONSE: The noted table as requested is completed above. The 2020 need in the primary service area is 47 adult inpatient psychiatric beds. Please note the figures in the chart for the secondary service area do not include the population counts for the adjacent Kentucky counties. As noted in the Application and these supplemental responses, the Applicant expects admissions of residents residing over the line in Kentucky will be more than a minimal amount.

7. Section B, Need, Item 2.b and 2.d. Additional Factors. (Psychiatric Inpatient Services-Service Specific Criteria-)

Please address how the indigent population will be served by the proposed project.

Please indicate if Wellness Solutions and the Mental Health Cooperative offer intensive outpatient treatment or partial hospitalization services in the proposed service area.

What services does the Mental Health Cooperative and Centerstone Mental Health Center provide in the proposed service area?

Does the applicant plan to obtain support letters from Centerstone Mental Health Center?

RESPONSE:

- The hospital will participate in Medicare, TennCare/Medicaid and Tricare, and will be accepting involuntary admissions. Therefore, it will be serving a significant number of individuals within an indigent population. Often individuals who have mental health issues,

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Responses to January 23, 2018 First Supplemental Questions -
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 Page 4

particularly if those conditions are not properly treated, will be significantly impacted economically because their ability to maintain employment is impacted by the direct and secondary effects of their mental health disease. Individuals with mental health diseases can also be subject to workplace discrimination because of the symptoms of their conditions. Based on research by Harvard University Medical School, untreated mental illness costs the U.S. a minimum of \$105 billion in lost productivity each year. (For a general discussion of workplace issues, see <https://www.psychologytoday.com/blog/wired-success/201209/the-silent-tsunami-mental-health-in-the-workplace>). Additionally, as noted in its Application, the proposed hospital has projected a charity care amount that it expects will include some individuals who are unable to pay for services.

- The Applicant has verified, with Wellness Solutions and the Mental Health Cooperative (MHC), they do not offer intensive outpatient treatment or partial hospitalization services in the proposed service area. However, as demonstrated by their letters of support, they would consider development of those services in conjunction with the Applicant should the proposed hospital be developed.
- In the proposed service area, MHC provides the following services: outpatient therapy, psychiatric evaluation, medication management, and care coordination. In the proposed service area, Centerstone provides the following services:
 - Addictions Care for Teens & Adults
 - Counseling for Adults
 - Counseling for Children & Teens
 - Child & Teen Community (Home & School) Mental Health Care
 - Adult Community (Home & Beyond) Mental Health Care
 - Foster Care
 - Crisis Services (Outpatient, Telephone, Walk-in & Mobile)
 - Prevention – Child & Adult
 - Psychiatric Medical Services (Outpatient, Child & Adult)
 - Employment Coaching
 - Pharmacy
 - Grant
 - Employer – EAP UM

In addition, Applicant's affiliated organization, Unity Physician Partners, provides primary care in Clarksville in coordination with Centerstone.

- Centerstone is very supportive of the Applicant's proposed adult psychiatric hospital because of the tremendous need for services in the service area. Centerstone's letter of support for the Applicant is attached as Attachment First Supplemental - Question 7.

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Responses to January 23, 2018 First Supplemental Questions -
 Application CN1801-005 (Unity Psychiatric Services Clarksville, LLC)
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 Page 5

8. Section B, Need, Item 3 Incidence and Prevalence (Psychiatric Inpatient Services-Service Specific Criteria-)

The incidence and prevalence tables on pages 44 and 45 for Region 5 are noted. However, please provide a column for the statewide rate for each table and submit replacement pages 44 and 45 (labeled as 44R and 45R).

RESPONSE: A revised copy of the incidence and prevalence tables submitted, with the addition of a column for the statewide rate for each table completed chart as requested is included as Attachment First Supplemental - Question 8, and pages are labeled as A44R / A45R. The revised table corrects labeling error in the originally submitted table because two of the behavioral health indicators were omitted and show as duplicates of other indicators which are listed in the chart.

9. Section B, Need, Item 4. Planning Horizon. (Psychiatric Inpatient Services-Service Specific Criteria-) Page 45

Please adjust the planning horizon to the years 2020 and 2021 which is the first two full years of operation.

The applicant notes there are no existing inpatient beds in the service area. Please clarify if the applicant intended to state "primary" service area since there is an inpatient adult unit in Henry County.

RESPONSE: The revised response on State Health Plan Question 4 on page A45 should read as follows:

As noted in question #1, the projected gross need for adult inpatient psychiatric beds for the primary/secondary service area for 2020 is 47/15 beds and for 2021 48/15 beds. There are no existing adult inpatient psychiatric beds in the primary service area, so the net need of 47 and then 48 beds for the primary service area is not reduced by any existing bed capacity. The secondary service area does contain 22 beds at Henry County Medical Center. When those beds are calculated into need, the net bed need is minus seven beds. However, as noted in the application on pages A57-58, Henry County Medical Center (HCMC)'s county of origin data supports that its patient population and service area is not co-existent with the Applicant's proposed service area. Seventy-four (74%) of HCMC's admissions come from counties West of the Applicant's proposed primary and secondary service areas. Therefore, the calculation of a net negative need does not accurately reflect the actual need for adult inpatient psychiatric beds for the Applicant's proposed primary and secondary service areas. The primary service area need, which is consistent with the requested number of beds, also does not include projected admissions from adjoining Kentucky counties. As illustrated in the current geriatric psychiatric hospitals 2017 and 2016 admissions, it is reasonable to expect a significant number of admissions from Todd and Christian counties in Kentucky, thereby further supporting the need for adult inpatient beds requested by the project.

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Page 6

10. Section B, Need, Item 5. Establishment of a Service Area. (Psychiatric Inpatient Services-Service Specific Criteria-) Pages 45 and 46

It is noted the proposed service area counties represents those counties of origin for the highest percentage of patients admitted to the currently operating BHC-Clarksville Geriatric psychiatric hospital. Please provide a table for 2017 by county of the admissions to the BHC-Clarksville Geriatric psychiatric hospital.

RESPONSE: A completed copy of the requested counties of origin admissions data for 2017 for the BHC-Clarksville Geriatric psychiatric hospital is included as Attachment First Supplemental - Question 10. Note there are significant admissions from the primary service counties, in particular Montgomery, and also substantial admissions (about 22% of total) from adjoining Kentucky counties. The evidence of Kentucky patient in-migration to Clarksville for medical care further supports the need for the Applicant's request for 48 adult inpatient psychiatric beds.

11. Section B, Need, Item 6. Composition of Services (Psychiatric Inpatient Services-Service Specific Criteria-) Page 48

If approved, please clarify if the applicant will seek Joint Accreditation Certification. If so, what is the timeframe to do so?

RESPONSE: Yes. If approved the hospital will seek certification as a behavioral health provider from the Joint Commission. According to the Joint Commission website, the initial certification process generally takes from between 6 to 12 months.

12. Section B, Need, Item 12. Institution for Mental Disease Classification. (Psychiatric Inpatient Services-Service Specific Criteria-) Page 49

It is noted by the applicant the hospital will be exempt from the IMD exclusion. Please provide documentation from TennCare supporting the IMD exclusion.

RESPONSE: Counsel for the Applicant contacted TennCare through the Director's office and the Office of General Counsel. However, TennCare determined they were not able to provide the requested documentation for a specific provider, and particularly one not yet licensed and seeking participation with TennCare. A copy of email correspondence from TennCare is included at Attachment First Supplemental - Question 12.

However, the provisions of 42 C.F.R. §438.6(e) do permit a state to make a capitation payment to an MCO or PIHP for an enrollee with a short-term stay in an Institution for Mental Disease (IMD). This is so even though under the so-called IMD Exclusion, federal funding for states to provide mental health and substance abuse treatment through IMDs for non-elderly adults would otherwise be prohibited.

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 Page 7

13. Section B, Need, Item 16. Community Linkage Plan. (Psychiatric Inpatient Services-Service Specific Criteria-) Page 51

Please provide any letters from mobile crisis teams and managed care organizations in support of the application detailing instances of unmet need for psychiatric inpatient services in the proposed service area.

Please detail how the applicant will work with Centerstone Mental Health Center to assure linkage to outpatient mental health services to discharged inpatients.

If approved, please discuss any primary prevention initiatives planned by the applicant that would address risk factors leading to the increased likelihood of inpatient psychiatric bed usage.

RESPONSE:

- A support letter from Centerstone Mental Health Center (Centerstone) attached under Attachment First Supplemental - Question 7. Centerstone is the mobile crisis provider in the proposed service area.
- Please also see the support letter from Dr. Oba Hollie; Dr. Hollie is the primary care physician for Unity Medical Clinic in Clarksville. Unity Medical Clinic serves as a medical home for patients in the Clarksville area. Unity Medical Clinic is partnered with Centerstone to offer a complete patient-centered-medical home that delivers exceptional coordinated care for both physical and mental health needs, and offer convenient access to Centerstone clinic locations. Centerstone and Unity Medical Clinic are a TennCare HealthLink provider.
- The Applicant has had conversations with Centerstone regarding coordination with the mobile crisis team and existing outpatient services as well as the coordinated development of IOP and PHP services. The Applicant is supportive of Centerstone and Mental Health Cooperatives' care coordination and outpatient services and diversion efforts related to mobile crisis team. In addition, Applicant's affiliated organization, Unity Physician Partners, offers integrated physical health care in collaboration with Centerstone in Clarksville, with the focus on preventing unnecessary hospitalizations. The Unity Medical Clinic in Clarksville is a TennCare HealthLink participant (See <https://www.tn.gov/tenncare/health-care-innovation/primary-care-transformation/tennessee-health-link.html>.) TennCare's Health Link is a care coordination model where a team of professionals associated with a mental health clinic or other behavioral health provider provides whole-person, patient-centered, coordinated care for an assigned panel of members with behavioral health conditions. Members who would benefit from Health Link are identified based on diagnosis, health care utilization patterns, or functional need.
- Once established, the Applicant has plans to become an active member of the medical community in the service area, as well as the community as a whole. The Applicant envisions primary prevention initiatives including mental health screenings, community education on mental health, and other outreach programs will be conducted. The Applicant also anticipates integrating discharge planning with HealthLink providers once the hospital is established.

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 Page 8

14. Section B, Need, Item 18. Quality Control and Monitoring. (Psychiatric Inpatient Services-Service Specific Criteria-) Page 52

Please provide copies of licensure surveys of psychiatric inpatient facilities the applicant owns or administers whether located in Tennessee or not.

RESPONSE: Unity Psychiatric Services Clarksville, LLC does not own nor administer any facilities. However, to more fully comply with the request for information, copies of licensure surveys of psychiatric inpatient facilities owned or operated as part of AHC are included as Attachment First Supplemental - Question 14. Please note the BHC Memphis has not received a state survey as yet so no document is available.

15. Section B. Need. Item 3 Service Area, Page 16

Please complete the following Table for the applicant facility.

2020 Yr. 1 Projected Admissions by County

County	Admissions	% Total
Montgomery	446	52.0%
Stewart	69	8.0%
Houston	43	5.0%
Humphreys	34	4.0%
PSA Subtotal	591	69.0%
Henry	9	1.0%
Dickson	39	4.5%
Kentucky	201	23.5%
All Other	17	2.0%
SSA Subtotal	266	31.0%
TOTAL	857	100%

RESPONSE: The noted table as requested is completed above.

16. Section B. Need. Item D.1 Service Area Demographics

The service area demographic table on page 18 is noted. However, please revise the table to reflect the Projected Year 2020 and submit a replacement page 18 (labeled as 18R).

RESPONSE: A revised copy of the revised service area demographic table on page 18 as requested is included as Attachment First Supplemental – Question 16, and is labeled as page 18R.

January 29, 2017

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Responses to January 23, 2018 First Supplemental Questions -
 Application CN1801-005 (Unity Psychiatric Services Clarksville, LLC)
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 Page 9

17. Section B, Need, Item E., Page 19

Psychiatric patient origin data for area hospitals can be obtained from hospital discharge data available from the Department of Health, Division of Health Statistics. Please request patient destination MDC 19 discharge data, Age 18-64, for the most recent year available so the following two charts can be completed:

Adult Psychiatric Patient Hospital Destination for Primary Service Area Residents

*Hospital	# Discharges	%Total
Hospital 1	NOT AVAILABLE	
Hospital 2		
Etc.		

**List Each Hospital*

Adult Psychiatric Patient Hospital Destination for Secondary Service Area Residents

*Hospital	# Discharges	%Total
Hospital 1	NOT AVAILABLE	
Hospital 2		
Etc.		

**List Each Hospital*

RESPONSE: As discussed by email conversation on January 25, 2018, the data for this response is not readily available and the staff has agreed that we are not required to provide a response.

18. Section B, Need, Item 6, Page 19

Please provide the referenced attachment labeled "Attachment Section B-Need-F".

Please provide the methodology used to project utilization detailing calculation and documentation from referral sources and identification of all assumptions.

Please also complete the following chart.

Projected Utilization Details

Facility	Beds	Year 1	Year 1	Year 1	Year 1	Year 2	Year 2	Year 2	Year 2
		Admits	Pat. Days	ALOS	%Occ.	Admits	Pat. Days	ALOS	%Occ.
Unity Psychiatric Hospital	48	857	7,283	8.5	41.6%	1,291	10,974	8.5	62.6%

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Responses to January 23, 2018 First Supplemental Questions -
Application CN1801-005 (Unity Psychiatric Services Clarksville, LLC)
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RESPONSE:

- The response in the Application was incorrectly worded in that it contemplated the Projected Data Chart as an attachment rather than within the Application itself. Therefore, it was not the intention to have any attachment labeled "Attachment Section B-Need-F."
- With respect to projected utilization, the Applicant began its analysis with the bed need data and analysis as provided in the State Health Plan and need formulas. The Applicant confirmed the support for those projections with existing providers, including the local hospital and mobile crisis unit. For example, the mobile crisis unit confirmed they receive about 250 contacts per month from Montgomery County. These conversations and research confirmed for the Applicant that need projections were conservative. The Applicant then took need data and projected county of origin and payor mix projections based on comparison with data from other providers. This data was derived from Joint Annual Reports and other statistics from comparable markets. The Applicant and its affiliate have substantial experience in the psychiatric hospital space that also continued to its projections and analysis.
- The noted table as requested is completed above.

19. Section C. Economic Feasibility Item B (Funding)

Please provide a letter from a bank or financial institution documenting the availability of \$12,746,500 in cash to fund the proposed project.

RESPONSE: The requested letter documenting the availability of cash to fund the proposed project is included Attachment First Supplemental - Question 19.

20. Section B. Economic Feasibility Item D. (Projected Data Chart)

The Projected Data Chart is noted. However, Line D.6 Other Operating Expenses on page 24 do not match the breakout of those expenses in the table on page 25. Please revise and provide replacement pages (labeled as 24 R and 25R). In addition, please correct the table labeled Year-2018 and-2019 to 2020 and 2021 as reflected on the Projected Data Chart.

RESPONSE: A revised Projected Data Chart showing the noted revisions as requested in Question 20 is included as Attachment First Supplemental - Question 20, which the replacement pages are denoted as 24R and 25R.

21. Section B, Economic Feasibility, Item F.1. , Page 26

Please provide the latest audited balance sheet (that includes current assets and current liabilities) of the entity that will be funding the project.

RESPONSE: An audited balance sheet is included as Attachment First Supplemental - Question 21.

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Responses to January 23, 2018 First Supplemental Questions -
Application CN1801-005 (Unity Psychiatric Services Clarksville, LLC)
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22. Section B, Economic Feasibility, Item F.2. , Pages 26 and 27

The Net Operating Margin Ratio of 12% in Year One and 24% in Year Two is noted. However, please provide information of how this ratio was calculated.

RESPONSE: The Application instructions at Question F.2 directed the Applicant to calculate Net Operating Margin by using the figures provided in the Projected Data Chart and using the formula for the ratio as (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue). Using that formula the ratio is correctly calculated in the Application. This NOI is consistent with the ratio reported in other recent adult psychiatric applications.

23. Section B, Economic Feasibility, Item H., Staffing, page 28

The staffing table on page 28 is noted. However, it appears the total non-patient care positions total 25.84 rather than 24.84. Please correct and submit a replacement page 28 (labeled as 28R).

RESPONSE: A revised staffing table showing the noted revisions as requested in Question 23 is included as Attachment First Supplemental - Question 23, which the replacement page is denoted as 28R. The non-patient care staffing total, and subsequent totals have also been corrected.

24. Section B, Orderly Development, Item D, Page 31

Your response to this item is noted. Please provide the most recent audited financial statements with accompanying notes for the parent company that will be funding the proposed project.

RESPONSE: Please see the responses to Supplemental Questions 19 and 24.

25. Section B, Quality Measures

Please verify and acknowledge the applicant will be evaluated annually whether the proposal will provide health care that meets appropriate quality standards upon the following factors:

(3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:

- (a) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
- (b) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
- (c) Whether the applicant will obtain and maintain TennCare and Medicare

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Responses to January 23, 2018 First Supplemental Questions -
Application CN1801-005 (Unity Psychiatric Services Clarksville, LLC)
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certification(s), if participation in such programs was indicated in the application;

(d) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

(e) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

(f) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external assessment against nationally available benchmark data to accurately assess its level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

(p) For Inpatient Psychiatric projects:

1. Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;
2. Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; and
3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.

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Responses to January 23, 2018 First Supplemental Questions -
Application CN1801-005 (Unity Psychiatric Services Clarksville, LLC)
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RESPONSE: The Applicant so verifies. However, the Applicant notes that as a proposed facility, it would not qualify as "an existing healthcare institution applying for a CON."

26. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

RESPONSE: A copy of the publication affidavit is included as Attachment First Supplemental - Question 26.

CN1801-005

Unity Psychiatric Services Clarksville, LLC
First Supplemental Question Responses

Attachment First Supplemental - Question 1:
Listing of Related Health Care Institutions

January 29, 2017

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1. Applingwood Healthcare Center, Inc.
1536 Appling Care Ln
Cordova, TN 38016-4927
2. Bethesda Health Care Center, Inc.
444 One Eleven Place
Cookeville, TN 38506-4358
3. Bright Glade Health and Rehabilitation Center, Inc.
5070 Sanderlin Ave
Memphis, TN 38117-4332
4. Clarksville Nursing and Rehabilitation Center, Inc.
900 Professional Park Drive
Clarksville, TN 37041
5. Covington Care Nursing and Rehabilitation Center, Inc.
765 Bert Johnson Ave
Covington, TN 38019-2414
6. Crestview Health Care and Rehabilitation, Inc.
704 DuPree Ave
Brownsville, TN 38012-6254
7. Cumberland Health Care and Rehabilitation, Inc.
4343 Ashland City Hwy
Nashville, TN 37218-2401
8. Decatur County Health Care and Rehabilitation, Inc.
726 Kentucky Ave S
Parsons, TN 38363-3105
9. Dyersburg Nursing and Rehabilitation, Inc.
1900 Parr Ave
Dyersburg, TN 38024-2009
10. Forest Cove Nursing and Rehab Center, Inc.
45 Forest Cove
Jackson, TN 38301-4366
11. Harbor View Nursing and Rehabilitation Center, Inc.
1513 North Second Street
Memphis, TN 38107
12. Humboldt Healthcare and Rehab Center, Inc.
2031 Avondale Rd
Humboldt, TN 38343-1810
13. Lewis County Nursing and Rehabilitation Center, Inc.
119 Kittrell St
Hohenwald, TN 38462-1364
14. Lexington Health Care and Rehabilitation, Inc.
727 E Church St
Lexington, TN 38351-1924
15. McKenzie Healthcare and Rehabilitation Center, Inc.
175 Hospital Dr
McKenzie, TN 38201-1636
16. McNairy County Health Care Center, Inc.
835 E Poplar Ave
Selmer, TN 38375-1832
17. Meadowbrook Health and Rehabilitation Center, Inc.
1245 E College St
Pulaski, TN 38478-4541
18. Millennium Nursing and Rehab Center, Inc.
5275 Millennium Dr.
Huntsville, AL 35806
19. Mt. Juliet Health Care Center, Inc.
2650 N Mount Juliet Rd
Mt. Juliet, TN 37122-8015
20. Northbrooke Healthcare and Rehab Center, Inc.
121 Physicians Dr
Jackson, TN 38305-6011
21. Northside Health Care Nursing and Rehabilitation Center, Inc.
202 E MTCS Rd
Murfreesboro, TN 37129-1524
22. Paris Health Care Nursing and Rehabilitation Center, Inc.
800 Volunteer Dr
Paris, TN 38242-1408

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23. Savannah Health Care and Rehabilitation Center, Inc.
1645 Florence Rd
Savannah, TN 38372-5210
 24. Union City Nursing and Rehabilitation Center, Inc.
1630 E Reelfoot Ave
Union City, TN 38261-6021
 25. VanAyer Healthcare and Rehab Center, Inc.
460 Hannings Ln
Martin, TN 38237-3308
 26. Vanco Health Care and Rehabilitation, Inc.
813 S Dickerson Rd
Goodlettsville, TN 37072-1761
 27. Waverly Health Care and Rehabilitation Center, Inc.
895 Powers Blvd
Waverly, TN 37185-1018
 28. Westwood Health Care and Rehabilitation Center, Inc.
524 W Main St
Decaturville, TN 38329-8035
 29. West Tennessee Transitional Care, Inc.
597 West Forest Avenue
Jackson, TN 38301
 - ## Behavioral Healthcare Center at Columbia, Inc.
1400 Rosewood Drive
Columbia, TN 38401
 31. Behavioral Healthcare Center at Clarksville, Inc.
930 Professional Park Drive
Clarksville, TN 37041
 - ## Behavioral Healthcare Center at Huntsville, Inc.
5315 Millennium Drive
Huntsville, AL 35806
 33. Behavioral Healthcare Center at Martin, LLC
458 Hannings Lane
Martin, TN 38237
 - ## Behavioral Healthcare Center at Memphis, Inc.
1505 North Second Street
Memphis, TN 38107
 35. AmPharm, Inc.
1971 Tennessee Avenue North
Parsons, TN 38363
 36. AmMed Inc
135 Jordan Lane
Parsons, TN 38363
 37. Tennessee Quality Homecare
1971 Tennessee Avenue North
Parsons, TN 38363
 38. Tennessee Valley Home Care, Inc. d/b/a
Tennessee Quality Homecare - Southwest
580 Tennessee Avenue
Parsons, TN 38363
 39. Tri-County Home Health and Hospice, Inc.
d/b/a Tennessee Quality Hospice
29 North Star Drive, Suite G
Jackson, TN 38305
 40. Rehab America, Inc.
59 Central Lane
Parsons, TN 38363
 41. TruHealth, Inc.
512 Autumn Springs Court, Suite B
Franklin, TN 37067
- * All listed companies have active licensure/certification
* All listed entities are 100% owned by AHC

CN1801-005

Unity Psychiatric Services Clarksville, LLC
First Supplemental Question Responses

Attachment First Supplemental - Question 2:
Resume of Dr. Karen Berry, Medical Director

January 29, 2017

3:41 PM

Karen Berry MD

American Health Companies
Medical Director of Psychiatric Services
1505 N Second Street Memphis, TN 38107
(901)791-0600
kberry@thmgt.com

Professional Positions

- June 2017 to present - Medical Director of Psychiatric Services
 - Development of psychiatric programming, management, training, and supervision of psychiatric nurse practitioners, practice of geriatric psychiatry
- 1988 to 2017 - Medical staff Baptist Memorial Hospital, Memphis, TN
 - Consult- liaison of medically ill patients including post-operative delirium, acute encephalopathy, dementia, heart transplant, alcohol withdrawal, drug overdose, and multiple co-morbidities.
- 1988 to 2017 - Office practice of psychiatry, Memphis, TN
 - General psychiatry including mood disorders and geropsychiatric
- 1988 to 2006 – Inpatient psychiatry
 - Baptist Memorial Hospital, St. Francis Hospital, and Lakeside Behavioral Health System

Certification:

- Board certified 1990 – American Board of Psychiatry and Neurology

Licensure:

- Tennessee since 1984 MD17087
- New Mexico MD 2014-0155
- Washington MD60568381

Experience:

Consult-liaison with medically ill patients in general hospital including treatment of encephalopathy, organic brain syndromes, polypharmacy, dementia.

Inpatient psychiatry including treatment of psychosis and mood disorders in adult and geriatric patients.

Outpatient psychiatry including treatment of wide variety of diagnoses such as mood, anxiety, ADHD, PTSD.

Telemedicine through Netmedical Express, Albuquerque, New Mexico.

Coverage of inpatient psychiatry Unit at Lea Regional Hospital, Hobbs, New Mexico.

Experienced user of EPIC and Practice Fusion electronic medical record systems.

Education

Undergraduate

1973 – 1978 - Memphis State University - Bachelor of Science, Magna Cum Laude, Memphis, TN
Outstanding student award in Chemistry

Medical School

1980 -1984 - University of Tennessee College of Medicine, Medical Doctor, Memphis, TN

Postgraduate

1984 – 1988 - Residency in Psychiatry, University of Tennessee, Memphis, TN

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Unity Psychiatric Services Clarksville, LLC
First Supplemental Question Responses

Attachment First Supplemental - Question 7:
Support Letter from Centerstone Mental Health



January 29, 2017

3:41 PM

CENTERSTONE

January 25, 2018

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, TN 37243

Dear Ms. Hill,

I am writing in support of the certificate of need (CON) application submitted by American Health Companies, Inc. for the establishment of an inpatient behavioral health hospital in Clarksville, TN. It is my understanding that the proposed inpatient hospital will focused on the adult patient population.

This hospital will help meet the needs of patients that currently do not have access to such services. As the State of Tennessee's designated prescreening authority for mobile crisis response services (Montgomery and its surrounding counties), we experience firsthand the difficulties associated with finding available inpatient beds – especially during acute psychiatric emergencies. Unfortunately, such patients are frequently boarded in emergency rooms while awaiting disposition and transfer to an appropriate facility. Simply said, the targeted service area would greatly benefit from additional inpatient resources.

Please consider this application and feel free to contact me at bob.vero@centerstone.org if you have any further questions.

Sincerely,

Robert N. Vero, Ed.D
Centerstone Tennessee, CEO

Excellence in Mental Healthcare

FRANK LUTON CENTER • 1921 RANSOM PLACE • NASHVILLE, TENNESSEE 37217 • (615) 279-6700 • FAX (615) 279-6702

www.centerstone.org

CN1801-005

Unity Psychiatric Services Clarksville, LLC
First Supplemental Question Responses

Attachment First Supplemental - Question 8:
Revised Incidence and Prevalence Tables

CN1801-005

Unity Psychiatric Services Clarksville, LLC
First Supplemental Question Responses

Attachment First Supplemental - Question 10:
BHC Clarksville County of Origin Data Table

BHC-Clarksville

2017 Admissions Data - County of Origin (All Services/Patient)
 141
 January 29, 2017

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2017			
Tennessee County of Residence	# of Adm / Disch	% of Adm / Disch (TN Only)	% of Adm / Disch (ALL States)
Montgomery	103	47.03%	36.79%
Robertson	33	15.07%	11.79%
Stewart	20	9.13%	7.14%
Houston	13	5.94%	4.64%
Dickson	13	5.94%	4.64%
Sumner	10	4.57%	3.57%
Humphreys	8	3.65%	2.86%
Cheatham	7	3.20%	2.50%
Davidson	4	1.83%	1.43%
Wilson	4	1.83%	1.43%
Decatur	1	0.46%	0.36%
Gibson	1	0.46%	0.36%
Rutherford	1	0.46%	0.36%
Benton	1	0.46%	0.36%
KY - Christian	26	n/a	9.29%
KY - Todd	9	n/a	3.21%
KY - Trigg	6	n/a	2.14%
KY - Logan	5	n/a	1.79%
KY - McCracken	4	n/a	1.43%
KY - Marshall	3	n/a	1.07%
KY - Hopkins	2	n/a	0.71%
KY - Lyon	2	n/a	0.71%
KY - Ballard	1	n/a	0.36%
KY - Muhlenberg	1	n/a	0.36%
KY - Caldwell	1	n/a	0.36%
KY - Graves	1	n/a	0.36%
TN TOTALS	219	n/a	78%
KY TOTALS	61	n/a	22%
GRAND TOTAL	280		

January 29, 2017**3:41 PM**

CN1801-005

Unity Psychiatric Services Clarksville, LLC

First Supplemental Question Responses

Attachment First Supplemental - Question 12:
Email Correspondence re: IMD Exclusion and
TennCare

January 29, 2017

3:41 PM

From: [Drew Staniewski](#)
To: [Puri, Christopher](#)
Subject: IMD Exclusion Follow Up
Date: Monday, January 29, 2018 10:44:39 AM
Attachments: [image003.png](#)

[External Email]

Chris –

Thank you again for reaching out to us late last week regarding the subject of IMD exclusions. I wanted to make sure we got back to you promptly regarding your question. Specifically, you asked whether your proposed adult psychiatric facility would be exempt from the IMD exclusion currently in federal regulations. TennCare does not have any specific authority to make this determination. Further, TennCare cannot otherwise provide an answer as this question involves a legal interpretation of a federal regulation. As a result, any determination by TennCare would represent legal advice, which we are prohibited from providing to any individual provider. This would be particularly true in cases where the facility is not yet established.

Thanks again and please let me know if you have any additional questions on this matter.

Best,



Division of
TennCare

Drew Staniewski | General Counsel

Division of TennCare
Office of the General Counsel
310 Great Circle Rd., Nashville, TN 37243
p. 615-507-6608
c. 615-218-1117
drew.staniewski@tn.gov
tn.gov/tenncare

January 29, 2017**3:41 PM**

CN1801-005

Unity Psychiatric Services Clarksville, LLC
First Supplemental Question Responses

Attachment First Supplemental - Question 14:
Related Facility Licensure Surveys

January 29, 2017

3:41 PM



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

Middle Tennessee Regional Office of Licensure
500 Deaderick Street Andrew Jackson Tower, 5th Floor
Nashville, TENNESSEE 37243

BILL HASLAM
GOVERNOR

MARIE WILLIAMS
COMMISSIONER

COMPLIANCE EVENT STATUS REPORT

LICENSEE: Behavioral Healthcare Center at Columbia, Inc. 1400 Rosewood Drive Columbia, TN 38401	Licensee ID: 1247	FACILITY: Behavioral Healthcare Center at Columbia 1400 Rosewood Drive Columbia, TN 38401	Site ID: 2787
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DATE OF NOTICE / REPORT: 12/18/17

COMPLIANCE EVENT & DATE: Annual Inspection 9/28/17

Site ID:2787 Event ID:13,246

Suzanne C. Kay

Suzanne C. Kay, Middle Tennessee Licensure

No Deficiencies Found

EVENT SUMMARY

09450-5-02 Licensure Administration and Procedures	0 deficiencies
09450-5-04-.02 Life Safety: HealthCare Occupancies	0 deficiencies
09450-5-04-.09 Life Safety: Mobile Non-ambulatory	0 deficiencies
09450-5-05-.02 Adequacy of Facility Environment and Ancillary Services (ALL FACILITIES)	0 deficiencies
09450-5-05-.03 Adequacy of Facility Environment & Ancillary Services (RESIDENTIAL)	0 deficiencies
09450-5-05-.05 Adequacy of Facility Environment & Ancillary Services (FOOD SERVICE)	0 deficiencies
09450-5-06 Program Requirements for All Services and Facilities (DEEMED)	0 deficiencies
09450-5-16 Mental Health Hospital Facilities (DEEMED)	0 deficiencies

January 29, 2017

3:41 PM



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
West Tennessee Regional Office of Licensure

951 Court Avenue
Memphis, TENNESSEE 38103

BILL HASLAM
GOVERNOR

MARIE WILLIAMS
COMMISSIONER

COMPLIANCE EVENT STATUS REPORT

LICENSEE: Behavioral Healthcare Center at Martin, LLC 458 Hannings Lane Martin, TN 38327	Licensee ID: 1278	FACILITY: Behavioral Healthcare Center at Martin 458 Hannings Lane Martin, TN 38237	Site ID: 2858
DATE OF NOTICE / REPORT: 03/14/17			
COMPLIANCE EVENT & DATE: Annual Inspection 2/3/17			Site ID: 2858 Event ID: 10,681

Erica Dupree
Erica Dupree, West Tennessee Licensure

No Deficiencies Found

EVENT SUMMARY

09450-5-02 Licensure Administration and Procedures	0 deficiencies
09450-5-04-.02 Life Safety: HealthCare Occupancies	0 deficiencies
09450-5-04-.09 Life Safety: Mobile Non-ambulatory	0 deficiencies
09450-5-05-.02 Adequacy of Facility Environment and Ancillary Services (ALL FACILITIES)	0 deficiencies
09450-5-05-.03 Adequacy of Facility Environment & Ancillary Services (RESIDENTIAL)	0 deficiencies
09450-5-05-.06 Adequacy of Facility Environment & Ancillary Services (TRANSPORTATION)	0 deficiencies
09450-5-06 Program Requirements for All Services and Facilities (DEEMED)	0 deficiencies
09450-5-16 Mental Health Hospital Facilities (DEEMED)	0 deficiencies

January 29, 2017

3:41 PM



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
Middle Tennessee Regional Office of Licensure
500 Deaderick Street Andrew Jackson Tower, 5th Floor
NASHVILLE, TENNESSEE 37243

BILL HASLAM
GOVERNOR

MARIE WILLIAMS
COMMISSIONER

LICENSURE NOTICE OF NON-COMPLIANCE

TO: Behavioral Healthcare Center at Clarksville, Inc.
930 Professional Park Drive
Clarksville, TN 37040-5136

DATE OF NOTICE:
March 07, 2017
Page 1 of 2

FACILITY IN NON-COMPLIANCE:
Behavioral Healthcare Center at Clarksville
930 Professional Park Drive
Clarksville, TN 37040-5136

Plan of Compliance due by: 3/21/17

Site ID: 2518

EVENT & DATE RESULTING
IN THIS NOTICE:
Annual Inspection
February 13, 2017

NOTICE TO LICENSEE: The facility above has been found to be non-compliant with the rule(s) listed herein. You must provide a plan for complying with each rule cited. Your plan of compliance may be specified in the space provided below or by separate document. If a separate document, your plan should reference each rule by item or rule number, must include the date by which you will be compliant, and an authorizing signature. Your plan must be received by the TDMHSAS regional office listed above by the date indicated herein.

PLEASE RETAIN A COPY OF YOUR PLAN OF COMPLIANCE UPON SUBMISSION
IT WILL NOT BE RETURNED TO YOU BY THIS OFFICE

Re-inspection may be conducted to verify compliance. With re-inspection, you will incur a \$50 re-inspection fee.

YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN: March 21, 2017

Item Rule Number Rule Description & Findings

event ID:11,109

0940-5-5 Adequacy of Facility Environment and Ancillary Services

0940-5-5-.03 ENVIRONMENTAL REQUIREMENTS FOR RESIDENTIAL FACILITIES.

The governing body must ensure that each client is provided with the following:

0940-5-5-.03(1)(f) Space in a dresser or chest of drawers which is adequate for the storage of the client's clothing;

1

Patient rooms did not have a chest of drawers or dresser.

Licensee's Planned Date of Completion: / /

2,575

Licensee's Plan of Compliance (use a separate page if more space is needed):

Applied for waiver, currently under review.

Marie Williams
3-14-17

NOTICE TO: Behavioral Healthcare Center at Clarksville, Inc.

January 29, 2017

3:41 PM

Date: 03/07/2017 Page 2 of 2

Please contact me if you have questions.

Suzanne C. Kay

Suzanne C. Kay
Middle Tennessee Surveyor

[Signature]
SIGNATURE OF LICENSEE OR AUTHORIZED AGENT

March 14, 17
DATE OF SIGNATURE

NOTICE TO LICENSEE: Please note that the finding of deficiencies herein may subject you to Department issued civil penalties, pursuant to Tenn. Code Ann. § 33-2-409. Civil penalties are issued based off of the severity of the violation(s) or the repeat offense of such violation(s). A department representative will contact you, pursuant to Tenn. Code Ann. § 33-2-411, if you are subject to such a sanction.



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January 29, 2017

3:41 PM

STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

Middle Tennessee Regional Office of Licensure

500 Deaderick Street Andrew Jackson Tower, 5th Floor
Nashville, TENNESSEE 37243BILL HASLAM
GOVERNORMARIE WILLIAMS
COMMISSIONER

COMPLIANCE EVENT STATUS REPORT

LICENSEE: Behavioral Healthcare Center at Clarksville, Inc. 930 Professional Park Drive Clarksville, TN 37040-5136	Licensee ID: 1150	FACILITY: Behavioral Healthcare Center at Clarksville 930 Professional Park Drive Clarksville, TN 37040-5136	Site ID: 2518
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NOTICE TO LICENSEE: A review has been completed of your recently submitted plan of compliance. The approval status given your plan is indicated below. Read the approval status given below carefully. This approval status form and your plan of compliance should become part of your records.

DATE OF NOTICE / REPORT: 03/30/17**DATE OF ASSOCIATED NOTICE OF NON-COMPLIANCE:** 3/7/17**COMPLIANCE EVENT & DATE:** Annual Inspection 2/13/17

Site ID:2518 Event ID:11,109

I. REVIEW OF PLAN OF NON-COMPLIANCE COMPLETED BY:

Suzanne C. Kay, Middle Tennessee Licensure

II. APPROVAL STATUS OF PLAN OF NON-COMPLIANCE:

POC Approved:

Your plan of compliance has been accepted. You are expected to meet the terms of your plan. Re-inspection may be conducted to verify compliance. With re-inspection, you will incur a \$50 re-inspection fee.

EVENT SUMMARY

09450-5-02 Licensure Administration and Procedures	0 deficiencies
09450-5-04-.02 Life Safety: HealthCare Occupancies	0 deficiencies
09450-5-04-.09 Life Safety: Mobile Non-ambulatory	0 deficiencies
09450-5-05-.02 Adequacy of Facility Environment and Ancillary Services (ALL FACILITIES)	0 deficiencies
09450-5-05-.03 Adequacy of Facility Environment & Ancillary Services (RESIDENTIAL)	1 deficiency
09450-5-05-.05 Adequacy of Facility Environment & Ancillary Services (FOOD SERVICE)	0 deficiencies
09450-5-05-.06 Adequacy of Facility Environment & Ancillary Services (TRANSPORTATION)	0 deficiencies
09450-5-06 Program Requirements for All Services and Facilities (DEEMED)	0 deficiencies
09450-5-16 Mental Health Hospital Facilities (DEEMED)	0 deficiencies



Tennessee Health Management, Inc.

January 29, 2017

3:41 PM

Jennifer Robinson <admbhclr@thmgt.com>

your Notice of Non-Compliance

12 messages

Suzanne C. Kay <Suzanne.C.Kay@tn.gov>
To: "admbhclr@thmgt.com" <admbhclr@thmgt.com>

Tue, Mar 7, 2017 at 2:57 PM

Good afternoon Jennifer,

I hope this email finds you well. If you'll remember from my visit there for your annual inspection, there was some confusion about whether or not your facility would be held to the standard of needing a chest of drawers or dresser in each room. I spoke with my manager and she agreed that the rule does apply to you so I'm attaching your Notice of Non-Compliance for that deficiency. If you would like to, you can request a waiver so that, if it's approved, you won't have to get that furniture for each room.

*- We are inpatient
Not residential*

To request a waiver, you can send a letter or email referencing Rule 0940-5-5-.03(f) Space in a dresser or chest of drawers which is adequate for the storage of the client's clothing. Your request should contain rationale for why the waiver committee would feel comfortable allowing the waiver such as citing the short length of stay of the clients, the fact that you do have plenty of hanging storage, and a drawer above the hanging storage and a drawer in the bedside table.

If you do request a waiver, that will also be your response on the Notice, that a waiver is being applied for.

I hope this all makes sense to you but please feel free to call or email if you have questions.

Have a wonderful afternoon,

Suzanne



Suzanne C. Kay

Mental Health Licensure Surveyor

Office of Licensure, Division of Administration and Regulatory Services

Tennessee Department of Mental Health and Substance Abuse Services

500 Deadrick Street

5th Floor Andrew Jackson Building

Nashville, TN 37243

Telephone: 615-741-3520

January 29, 2017

3:41 PM



March 13, 2017

Suzanne C. Kay
Suzanne.C.Kay@tn.gov
Department of Mental Health and Substance Abuse Services
Middle Tennessee Regional Office of Licensure
500 Deaderick Street
Andrew Jackson Tower, 5th Floor
Nashville, TN 37243

Re: Behavioral Health Care Center at Clarksville (Site ID: 2518)
Notice of Non-Compliance: Rule 0940-5-5-.03 (1) (f)
Environmental Requirements for Residential Facilities (adequate storage space
for patient clothing)

Mrs. Kay:

I am writing this letter to request a waiver be granted in regard to findings during our most recent annual survey. We were found non-compliant with Rule 0940-5-5-.03 (1) (f) Space in a dresser or chest of drawers which is adequate for the storage of client's clothing. In our hospital each client is provided his/her own personal chifferobe and a bedside table. The chifferobe in particular contains a five (5) ft. tall, two (2) ft. wide space for hanging personal clothes as well as a shelf at the bottom on which additional clothing items may be stored. Each chifferobe also includes a separate compartment above the main storage area in which socks, undergarments, briefs or folded clothing may be stored.

Although we do not have a separate chest of drawers or a dresser in our patient's rooms, the current storage space provided has more than enough space for our patients clothing to either hang or remain folded. Clothes hanging in the chifferobe such as pants, drape nicely on the inside of a hanger while a matching top is either hung over the top of the pants or next to them. This provides ease to the patient while choosing their preferred clothing for the day as the items remain at eye level and are neatly organized.

Due to the age of our patients and the nature of their individual psychiatric needs, we have found having an abundance of clothing available can be overwhelming, problematic and sometimes a potential hazard for patients. Individuals with OCD experience increased anxiety levels as well as those having Schizophrenia due to the constant urge or need to account for their personal items at all times. Additionally, patients having dementia often rummage through their chifferobe at night pulling items off of hangers and emptying all compartments above and below on to the floor creating a trip hazard. Demented patients have also wandered into other patient rooms at times and could easily do the same causing a potential hazard for them as well.

Over the past seven years we have not received any type of complaint or voiced concerns from a patient, responsible party, family member or our staff regarding adequate storage space for

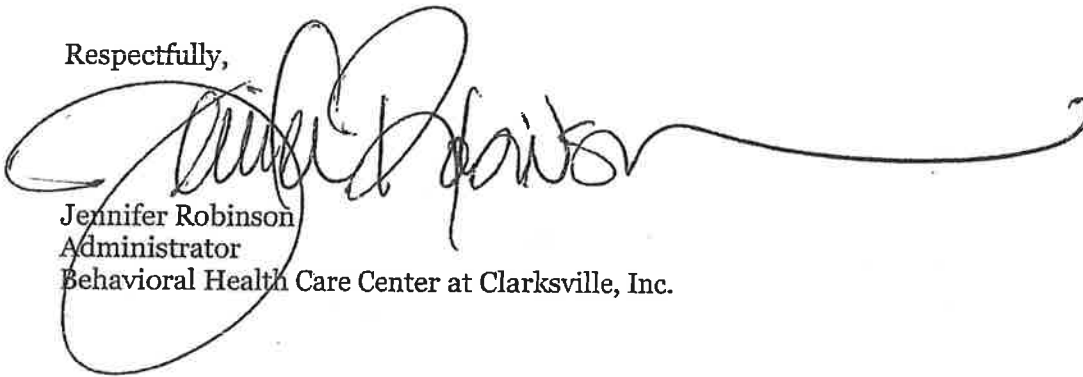
January 29, 2017

3:41 PM

patient's personal clothing. Upon admission we also ask the patient and responsible party to provide only a three day supply of clothing as the hospital provides laundry services for each patient daily.

I appreciate you sharing this request with the waiver committee and truly hope they find our current available storage to be adequate for an average 18 day acute care stay in our hospital.

Respectfully,

A large, stylized handwritten signature in black ink, appearing to read 'Jennifer Robinson', with a long horizontal flourish extending to the right.

Jennifer Robinson
Administrator
Behavioral Health Care Center at Clarksville, Inc.

January 29, 2017

3:41 PM



FedEx: 8113 0489 9504

IMPORTANT NOTICE – PLEASE READ CAREFULLY

(Receipt of this notice is presumed to be 7/7/2017 – date noticed faxed/mailed.)

July 7, 2017

Ms. Paula Chennault, Administrator
Behavioral Healthcare Center at Columbia
1400 Rosewood Drive
Columbia, TN 38401

RE: Recertification Survey

Dear Ms. Chennault:

Enclosed are the Statement of Deficiencies developed as the result of the recertification survey completed at your facility on **June 20, 2017**, by the West Tennessee Regional Office of Health Care Facilities. The acute hospital health survey was deficiency free; however the life safety portion resulted in deficiencies being cited. Based upon CFR 488.28, you are asked to submit an acceptable plan of correction to this office **ten (10) days from date of this letter, (July 17, 2017)**. The completion date for each deficiency should **not be later than 45 days from the last day of the survey, (August 5, 2017)**. **The Plan of Correction must be mailed back to this office with an original signature and date by the administrator.**

During your survey one (1) standard level deficiencies were cited: K131.

Your plan of correction must contain the following indicators:

- How the deficiency will be corrected;
- The date the deficiency will be corrected;
- What measures or systemic changes will be put in place to ensure that the deficient practice does not recur;

January 29, 2017

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- How the corrective action will be monitored to ensure that the deficient practice does not recur.
- Only titles may be used; no proper names

As both the statements of deficiencies and plans of correction are subject to public disclosure, statements such as will comply by, will complete by, and already corrected will not be considered acceptable.

The Plan of Correction must be submitted on the CMS2567 form enclosed, dated and signed by the Administrator before it is considered "acceptable". Whenever possible, please contain your plan of correction responses to the form furnished to you. In the event you need additional space, please continue your response on your letterhead or plain stationery, typing in the name of your facility, address and other identifying information.

If you have any questions concerning the statement of deficiencies, survey process, or completion of forms, please do not hesitate to let us know. You may feel free to call this office at (731) 984-9684.

Please be sure to sign and date your Plan of Correction before you send it back to this office.

Sincerely,

Kathy Zeigler

Kathy Zeigler, RN
Public Health Nurse Consultant 2

KZ
KZ/tw

CN1801-005

Unity Psychiatric Services Clarksville, LLC
First Supplemental Question Responses

Attachment First Supplemental - Question 16:
Revised Service Area Demographic Table

January 29, 2017**3:41 PM**

CN1801-005

Unity Psychiatric Services Clarksville, LLC
First Supplemental Question Responses

Attachment First Supplemental - Question 20:
Revised Projected Data Chart

CN1801-005

Unity Psychiatric Services Clarksville, LLC

First Supplemental Question Responses

Attachment First Supplemental - Question 21:
Audited Balance Sheet

January 29, 2017

3:41 PM



January 29, 2018

To Whom It May Concern:

The attached Independent Auditors' Report and Consolidated Balance Sheets page represent excerpts from the Consolidated Audit Report of American Health Companies, Inc. for the years ended December 31, 2016 and 2015.

If you have any questions, please contact me at 615-751-8134 or jbogle@upptn.com.

Sincerely,

A handwritten signature in black ink, appearing to read "JBogle", is written over a horizontal line.

Jeff Bogle
Chief Financial Officer

Attachments (2)

January 29, 2017

3:41 PM



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Health Companies, Inc.:

We have audited the accompanying consolidated financial statements of American Health Companies, Inc. and its subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of American Group Surety, Ltd., a wholly owned subsidiary, which statements reflect total assets constituting 13% of consolidated total assets at December 31, 2016. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for American Group Surety, Ltd., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Health Companies, Inc. and its subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

January 29, 2017**3:41 PM***Prior Period Financial Statements*

The consolidated financial statements of the Company as of and for the year ended December 31, 2015 were audited by other auditors whose report dated May 27, 2016, expressed an unmodified opinion on those statements.

LBMC, PC

Brentwood, Tennessee
May 30, 2017

January 29, 2017

3:41 PM

AMERICAN HEALTH COMPANIES, INC.

Consolidated Balance Sheets

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 54,340,660	\$ 55,949,275
Accounts receivable, net of allowance for doubtful account of \$6,276,076 and \$8,832,289 in 2016 and 2015, respectively	26,700,334	27,558,679
Pharmacy and supplies inventories	1,307,083	2,034,398
Prepaid expenses and other assets	1,828,647	2,832,499
Restricted cash	<u>3,132,480</u>	<u>13,171,121</u>
Total current assets	87,309,204	101,545,972
Property and equipment, net	101,846,506	105,458,174
Property and equipment held for sale, net		1,500,000
Goodwill, net	10,964,812	12,783,065
Restricted cash, less current portion	6,416,901	7,307,664
Restricted marketable securities	22,258,985	9,173,980
Deferred income taxes	1,411,061	1,557,979
Other assets	<u>838,598</u>	<u>1,038,264</u>
	<u>\$ 231,046,067</u>	<u>\$ 240,365,098</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 9,385,559	\$ 10,840,065
Accrued expenses and liabilities	16,609,446	19,048,327
Accrued risk reserves	13,629,077	14,024,787
Current maturities of long-term debt	<u>4,866,072</u>	<u>3,956,048</u>
Total current liabilities	44,490,154	47,869,227
Long-term debt, net less current maturities	<u>114,709,251</u>	<u>112,074,359</u>
Total liabilities	<u>159,199,405</u>	<u>159,943,586</u>
Shareholders' equity:		
Common stock, no par value; 750,000,000 shares authorized; 63,458,377 shares issued and outstanding in 2016 and 2015	4,624,585	4,624,585
Additional paid-in capital	1,831,012	1,831,012
Retained earnings	74,598,755	73,926,725
Accumulated other comprehensive income, net of tax	153,724	39,190
Treasury stock - 4,680,707 shares at cost in 2016; zero shares in 2015	<u>(9,361,414)</u>	<u>-</u>
Total shareholders' equity	<u>71,846,662</u>	<u>80,421,512</u>
	<u>\$ 231,046,067</u>	<u>\$ 240,365,098</u>

See accompanying notes to the consolidated financial statements.

CN1801-005

Unity Psychiatric Services Clarksville, LLC
First Supplemental Question Responses

Attachment First Supplemental - Question 23:
Revised Staffing Table

CN1801-005

Unity Psychiatric Services Clarksville, LLC
First Supplemental Question Responses

Attachment First Supplemental - Question 26:
Revised Publication Affidavit from Newspaper

January 29, 2017

3:41 PM

AFFIDAVIT OF PUBLICATION

0002651323

Newspaper The Tennessean

State of Tennessee

Account Number NAS-534576

Advertiser BRADLEY ARANT BOULT CUMMINGS A

BRADLEY ARANT BOULT CUMMINGS A
1600 DIVISION ST STE 700
NASHVILLE, TN
37203

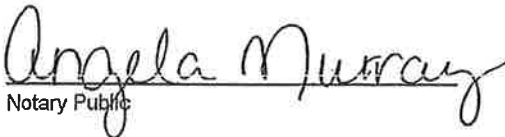
TEAR SHEET
ATTACHED



Sales Assistant for the above mentioned newspaper,

hereby certify that the attached advertisement appeared in said newspaper on the following dates:

01/10/18

Subscribed and sworn to before me this 10 day of January 2018
Notary Public

January 29, 2017

3:41 PM

CN1801-005

Unity Psychiatric Services Clarksville, LLC

First Supplemental Question Responses

Supplemental Affidavit

January 29, 2017

3:41 PM

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Williamson

NAME OF FACILITY: Unity Psychiatric Services Clarksville, LLC

I, Jeff Posle, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature]
Signature/Title
CFO

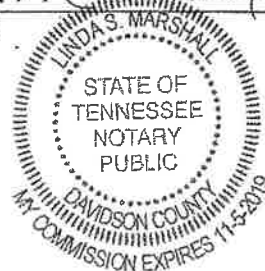
Sworn to and subscribed before me, a Notary Public, this the 29th day of January, 2018, witness my hand at office in the County of Williamson, State of Tennessee.

Linda S. Marshall
NOTARY PUBLIC

My commission expires November 5, 2019.

HF-0043

Revised 7/02



(Additional Information)

Unity Psychiatric Services Clarksville, LLC

(Copy)

CN1801-005

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: Unity Psychiatric Services Clarksville, LLC

I, Christopher C. Puri, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Christopher C. Puri
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30th day of January, 2018, witness my hand at office in the County of Davidson, State of Tennessee.

My commission expires September 7



HF-0043

Revised 7/02

(Additional Information)

Unity Psychiatric Services Clarksville, LLC

(Copy)

CN1801-005

Christopher C. Puri

Counsel
cpuri@bradley.com
615.252.4643 direct
615.252.4706 fax

Bradley

January 30, 2018

Mr. Phillip M. Earhart
HSDA Examiner
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

Re: Certificate of Need Application 1801-005
Unity Psychiatric Services Clarksville, LLC
Second Supplemental Response

Dear Phil:

By telephone and email today, you requested two additional supplemental responses – the calculation of the Capitalization Ratio for the project and a clearer copy of the newspaper publication. This letter will serve as the Applicant's response to those two requests.

Capitalization Ratio

3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt + Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: In its First Supplemental Responses, the Applicant has provided a balance sheet. Using the figures in that balance sheet, and the formula noted above, the Capitalization Ratio is calculated as follows:

Long Term Debt	\$ 114,709,251.00
Total Equity	\$ 71,846,662.00
Long Term Debt + Total Equity	\$ 186,555,913.00
RATIO: (Long-term debt/(Long-term debt + Total Equity (Net assets)) x 100)	61.48

Newspaper Notice Copy

RESPONSE: A clearer copy of the newspaper notice is attached.

This response has been reviewed by the Applicant, and an appropriate affidavit is attached.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP



By:

Christopher Puri

CCP/ced
Enclosure

CLASSIFIEDS

Adopt Me
Domestic Pets
Domestic Pets
Wanted to Buy
Rooms For Rent
Cars

Public Notices

Public Notices

0002651323

**NOTIFICATION OF INTENT
TO APPLY FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

Unity Psychiatric Services Clarksville, LLC (a proposed mental health hospital), to be owned by American Health Companies, Inc. (a Tennessee corporation), and to be managed by Tennessee Health Management, Inc. (a Tennessee corporation), intends to file an application for Certificate of Need to establish a mental health hospital for adult patients, to be located at the southwest corner of the intersection of Chesapeake Lane and Professional Park Drive, adjacent to the existing building which houses Behavioral Healthcare Center at Clarksville at 930 Professional Park Drive, Clarksville, TN 37040 in Montgomery County. The project will be located on a portion of a 3.15 acre parcel identified as Parcel ID 040G A 002.00 000 in the property records of Montgomery County. The estimated project cost is \$12,746,500.00.

The project will seek licensure by the Tennessee Department of Mental Health and Substance Abuse Services as a 48-bed mental health hospital. The project does not initiate or discontinue any other health service and it will not affect any other facility's licensed bed complements.

The anticipated date of filing the application is: January 12, 2018. The contact person for this project is Christopher Puri who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, STE 700, Nashville, 37203 Phone: 615-252-4643; Email: cpuri@bradley.com.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSONNAME OF FACILITY: Unity Psychiatric Services Clarksville, LLC

I, Christopher C. Puri, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Christopher C. Puri
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30th day of January, 2018,
witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

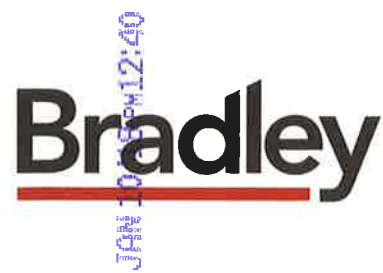
My commission expires September 7, 2021.

HF-0043

Revised 7/02

Christopher C. Puri

Counsel
cpuri@bradley.com
615.252.4643 direct



January 10, 2018

VIA HAND DELIVERY

Ms. Melanie Hill
Tennessee Health Services and Development Agency
500 Deaderick Street, 9th Floor
Nashville, Tennessee 37243

Re: Letter of Intent to Apply for Certificate of Need Unity Psychiatric Services
Clarksville, LLC

Dear Melanie:

Please find attached a Letter of Intent to apply for Unity Psychiatric Services Clarksville, LLC, which intends to file an application for a Certificate of Need for a forty-eight (48) bed mental health hospital for adult patients as outlined in the attached document.

Should you have any questions or need anything further, please do not hesitate to contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

By:

Christopher C. Puri

CCP/ced
Enclosure

20845884820-9633-2634.1
107086-013

LETTER OF INTENT

JAN 10 10 12 AM

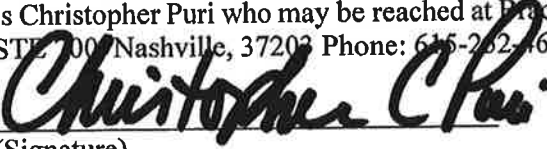
The Publication of Intent is to be published in the Tennessean, which is a newspaper of general circulation in the counties of Montgomery, Stewart, Houston, Humphreys, Henry, and Dickson, Tennessee, on or before January 10, 2018 for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Unity Psychiatric Services Clarksville, LLC (a proposed mental health hospital), to be owned by American Health Companies, Inc. (a Tennessee corporation), and to be managed by Tennessee Health Management, Inc. (a Tennessee corporation), intends to file an application for a Certificate of Need to establish a mental health hospital for adult patients, to be located at the southwest corner of the intersection of Chesapeake Lane and Professional Park Drive, adjacent to the existing building which houses Behavioral Healthcare Center at Clarksville at 930 Professional Park Drive, Clarksville, TN 37040 in Montgomery County. The project will be located on a portion of a 3.15 acre parcel identified as Parcel ID 040G A 002.00 000 in the property records of Montgomery County. The estimated project cost is \$12,746,500.00.

The project will seek licensure by the Tennessee Department of Mental Health and Substance Abuse Services as a 48-bed mental health hospital. The project does not initiate or discontinue any other health service and it will not affect any other facility's licensed bed complements.

The anticipated date of filing the application is: January 12, 2018. The contact person for this project is Christopher Puri who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, STE 200 Nashville, 37203 Phone: 615-252-1643; Email: cpuri@bradley.com.

 1/10/18 cpuri@bradley.com
(Signature) (Date) (E-Mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

(Rule 0720-11-.01, continued)

- (3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:
 - (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;
 - (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
 - (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
 - (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;
 - (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;
 - (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;
 - (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.
 1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:
 - (i) Those having the same accrediting standards as the licensed hospital of which it will be a department, for a Freestanding Emergency Department;
 - (ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;
 - (iii) Commission on Accreditation of Rehabilitation Facilities (CARF), for Comprehensive Inpatient Rehabilitation Services and Inpatient Psychiatric projects;
 - (iv) American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority, for Megavoltage Radiation Therapy projects;
 - (v) American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

(Rule 0720-11-.01, continued)

- (vi) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, or another accrediting body with deeming authority for hospice services from CMS or state licensing survey, and/or other third party quality oversight organization, for Hospice projects;
 - (vii) Behavioral Health Care accreditation by the Joint Commission for Nonresidential Substitution Based Treatment Center, for Opiate Addiction projects;
 - (viii) American Society of Transplantation or Scientific Registry of Transplant Recipients, for Organ Transplant projects;
 - (ix) Joint Commission or another appropriate accrediting authority recognized by CMS, or other nationally recognized accrediting organization, for a Cardiac Catheterization project that is not required by law to be licensed by the Department of Health;
 - (x) Participation in the National Cardiovascular Data Registry, for any Cardiac Catheterization project;
 - (xi) Participation in the National Burn Repository, for Burn Unit projects;
 - (xii) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for home health services from CMS and participation in the Medicare Quality Initiatives, Outcome and Assessment Information Set, and Home Health Compare, or other nationally recognized accrediting organization, for Home Health projects; and
 - (xiii) Participation in the National Palliative Care Registry, for Hospice projects.
- (h) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.
- (i) For Cardiac Catheterization projects:
 - 1. Whether the applicant has documented a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies;
 - 2. Whether the applicant has agreed to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation; and
 - 3. Whether the applicant will staff and maintain at least one cardiologist who has performed 75 cases annually averaged over the previous 5 years (for an adult program), and 50 cases annually averaged over the previous 5 years (for a pediatric program).
- (j) For Open Heart projects:

(Rule 0720-11-.01, continued)

1. Whether the applicant will staff with the number of cardiac surgeons who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and whether the applicant will maintain this volume in the future;
 2. Whether the applicant will staff and maintain at least one surgeon with 5 years of experience;
 3. Whether the applicant will participate in a data reporting, quality improvement, outcome monitoring, and peer review system that benchmarks outcomes based on national norms, with such a system providing for peer review among professionals practicing in facilities and programs other than the applicant hospital (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard);
- (k) For Comprehensive Inpatient Rehabilitation Services projects, whether the applicant will have a board-certified physiatrist on staff (preferred);
- (l) For Home Health projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (m) For Hospice projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (n) For Megavoltage Radiation Therapy projects, whether the applicant has demonstrated that it will meet the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority;
- (o) For Neonatal Intensive Care Unit projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; whether the applicant has documented the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and whether the applicant will participate in the Tennessee Initiative for Perinatal Quality Care (TIPQC);
- (p) For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives;
- (q) For Inpatient Psychiatric projects:
1. Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all

(Rule 0720-11-.01, continued)

- times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;
 2. Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and
 3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.
- (r) For Freestanding Emergency Department projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan;
 - (s) For Organ Transplant projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan; and
 - (t) For Relocation and/or Replacement of Health Care Institution projects:
 1. For hospital projects, Acute Care Bed Need Services measures are applicable; and
 2. For all other healthcare institutions, applicable facility and/or service specific measures are applicable.
 - (u) For every CON issued on or after the effective date of this rule, reporting shall be made to the Health Services and Development Agency each year on the anniversary date of implementation of the CON, on forms prescribed by the Agency. Such reporting shall include an assessment of each applicable volume and quality standard and shall include results of any surveys or disciplinary actions by state licensing agencies, payors, CMS, and any self-assessment and external peer assessment processes in which the applicant participates or participated within the year, which are relevant to the health care institution or service authorized by the certificate of need. The existence and results of any remedial action, including any plan of correction, shall also be provided.
 - (v) HSDA will notify the applicant and any applicable licensing agency if any volume or quality measure has not been met.
 - (w) Within one month of notification the applicant must submit a corrective action plan and must report on the progress of the plan within one year of that submission.
- (4) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:
 - (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition; and

(Rule 0720-11-.01, continued)

- (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers.
- (5) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Quality of Health Care to be provided. The applicant should show the quality of health care to be provided will be served at least as well as the original site.
 - (d) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (6) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 4-5-208, 68-11-1605, 68-11-1609, and 2016 Tenn. Pub. Acts Ch. 1043.

Administrative History: Original rule filed August 31, 2005; effective November 14, 2005. Emergency rule filed May 31, 2017; effective through November 27, 2017.

BILL HASLAM
GOVERNOR

MARIE WILLIAMS
COMMISSIONER

April 9, 2018

Unity Psychiatric Services Clarksville, LLC Certificate of Need – CN1801-005

The Department of Mental Health and Substance Abuse Services staff has reviewed the Unity Psychiatric Services of Clarksville, LLC Certificate of Need application for the construction and establishment of a new 48-bed mental health hospital to serve adult psychiatric patients between the ages of 18 and 64. The hospital would be located in Clarksville, TN (Montgomery County), with a proposed service area of Montgomery, Houston, Stewart, and Humphreys Counties in Middle Tennessee. The review focused on the need for psychiatric beds in this part of the state, plus economic feasibility, quality measures, as well as the contribution the addition of these beds could have on the orderly development of healthcare.

Scope of Project

This project overview will address the construction of a new 48-bed mental health hospital to serve adult psychiatric patients between the ages of 18 and 64. The estimated project cost is \$12,746,500.00 with projected approval occupancy of 11/19. The proposed new 48-bed mental health hospital will be 27,743 square feet at \$329.70 cost per square foot which is between the 2nd and 3rd quartile of previously approved hospital projects from 2014-2016.

Unity Psychiatric Services Clarksville, LLC is owned by American Health Centers, Inc. (AHC). The applicant's facility will be managed by a management company Tennessee Health Management, Inc. (THM). The full project cost will be funded by cash reserves available to the applicant. American Health Centers, Inc. and Tennessee Health Management, Inc. operate four (4) mental health hospitals in Tennessee and one (1) in Alabama focused on geropsychiatric care.

Unity Psychiatric Services Clarksville, LLC has proposed to take voluntary and involuntary admissions of adults ranging in age 18-64. The applicant does not propose accepting geriatric patient populations as the proposed facility will accept adult involuntary commitments. The applicant states dining, therapy, activities, etc. would be difficult to schedule without having undesirable cross-over between the two age populations.

Analysis

Need

Tennessee's State Health Plan sets the population-based estimate for the total need for psychiatric inpatient services at 30 beds per 100,000 general population. The application of the formula can result in an underestimation of the number of inpatient psychiatric beds needed due to a number of factors: bed utilization, willingness of the provider to accept emergency involuntary admissions, the extent to which the provider serves the TennCare population and/or the indigent population as well as for specialty populations, depending on how the beds are distributed. Other influencing factors include the number of existing beds in the proposed service area, bed utilization and available community services for people to increase family involvement, utilization of the person's community support system and access to aftercare.

Psychiatric Bed Need

	Population 2020	Gross Need Pop. X (30 beds/100,000)	Current Licensed Beds	Net Need
	Adults 18-64	Adults 18-64	Adults 18-64	Adults 18-64
Proposed Primary Service Area	157,903	47	0	47
Proposed Secondary Service Area	51,589	15	22	-7
Total	209,492	62.8	22	40

2020 Year 1 Projected Admissions by County or Origin and Occupancy

County	Admissions	% Total
Montgomery	446	52.0%
Stewart	69	8.0%
Houston	43	5.0%
Humphreys	34	4.0%
PSA Subtotal	592	69.0%
Henry	9	1.0%
Dickson	39	4.5%
Kentucky	201	23.5%
All Other	17	2.0%
SSA Subtotal	226	31.0%
TOTAL	858	100%

mental health treatment. During FY 2017, Centerstone provided 1,876 adult crisis assessments in the proposed service area; 312 were hospitalized at Middle Tennessee Mental Health Institute (MTMHI) in Davidson County, 4 in other Regional Mental Health Institutes (RMHIs), and 541 in private hospitals. In addition, Mental Health Cooperative (Clarksville Location), provided 75 assessments in the proposed service area; 6 were hospitalized at MTMHI, 0 in other RMHIs, and 18 in private hospitals.

FY17 Crisis Referrals for Centerstone and Mental Health Cooperative (MHC) Located in Clarksville, TN Ages 18+					
	Assessments	Referred for Hospitalizations	Admitted to MTMHI	Other Regional Mental Health Institute (RMHI)	Private Hospital
Primary Service Area (Montgomery, Houston, Stewart, Humphreys)					
Centerstone	1,428	781	232	3	402
MHC	42	17	3	0	11
Total	1470	798	235	3	413
Secondary Service Area (Dickson, Henry)					
Centerstone	448	264	80	1	139
MHC	33	15	3	0	7
Total	481	279	83	1	146
Grand Total	1,951	1,077	318	4	559

* Data reflects information for individuals 18+ and is not available for the age range of 18-64

Outstanding CONS Impacting Supply in Service Area

The project does not initiate or discontinue any other health service and it will not affect any other facility's bed complements. Lake Haven Behavioral Center, located in Henry County which is located in the secondary service area, has a 22-bed inpatient mental health unit with 12 of the 22 beds serving the geriatric population. In addition, there are no approved but unimplemented CONS for adult (ages 18-64) inpatient mental health services in the primary or secondary service area of the applicant.

Health Management, Inc. currently manages five (5) geropsychiatric hospitals located in Huntsville, AL and Columbia, Martin, Memphis, and Clarksville (Tennessee). Tennessee Health Management, Inc. is the manager of the geriatric psychiatric hospital which is located adjacent to the planned site for the new hospital.

Expected Costs and Alternative, Revenue and Expense Information

The project appears economically feasible based upon the projection data provided. The data provided has the net revenue per patient day at \$809.60 in year one which may be attainable, but appears high although their payer mix is largely commercial (72%). Year two break-even revenue per patient day is \$727.88.

Unity Psychiatric Services Clarksville, LLC will serve those with TennCare/Medicaid, Commercial/Other Managed Care, Self-Pay, and will provide Charity Care.

Applicant's Projected Payor Mix, Year 1

Applicant's projected payor mix, for year one consists of TennCare/Medicaid at 26%, Commercial/Other Managed Care at 72%, Self-Pay at 2%, and Charity Care at 2%.

Projections of Utilizations, Occupancy

The following chart was completed by the applicant for the bed need analysis provided in the State Health Plan and need formula. The applicant confirmed the support for the projections with existing providers, including the local hospital and mobile crisis unit. Data was derived from Joint Annual Reports and other statistics from comparable markets.

Projected Utilization Details									
Facility	Beds	Year 1 Admits	Year 1 Pat. Days	Year 1 ALOS	Year 1 %Occ.	Year 2 Admits	Year 2 Pat. Days	Year 2 ALOS	Year 2 %Occ.
Unity Psychiatric Hospital	48	857	7,283	8.5	41.6%	1,291	10,974	8.5	62.6%

Considerations of Other Alternatives

In considering alternatives, discussion with Tennova Clarksville included conversations of creating a smaller crisis stabilization unit, but was made that the need, demand for services, and the feasibility of a financial model required a facility fully dedicated to inpatient psychiatric services.

Access

The proposed project will provide local accessible inpatient mental health treatment for adults ages 18-64. Proposed beds will allow service access close to home, family, personal physician, outpatient service provider and other supports. Providing services to individuals in the community in which they live is a concept that TDMHSAS continues to support.

Contribution to the Orderly Development of Health Care

This project supports access to specialized healthcare for adults seeking mental health treatment. It also proposes to provide access to services to medically underserved populations, those needing involuntary emergency hospitalization, and those with TennCare. Inpatient psychiatric services are reserved for situations when the safety of the patient and/or others cannot be guaranteed in a less restrictive setting and provides an opportunity to plan for on-going community services to prevent the need for future inpatient services.

Currently, there are no crisis stabilization units in Montgomery or surrounding Counties. The applicant would consider developing an intensive outpatient treatment program or partial hospitalization services should the proposal for the new 48-bed mental health hospital be approved.

Staffing/Recruitment/Salaries

The proposed staffing pattern appears to be adequate, other than having only one position classification for a medical director, which has been filled by a physician that is board certified in psychiatry and neurology. There are no further position classifications for physicians, physician assistants or nurse practitioners. The applicant does mention planning to have a contract psychiatrist. There is no discussion on how psychiatric services along with medical services will be managed in day-to-day operations. Salaries listed for the position classifications are within the local hiring practices.

Physical Plant

The project consists of new construction of an inpatient mental health hospital in Clarksville, TN. The new construction is 27,743 square feet at a cost of \$329.70 per square foot.

Effects on Existing Providers and Resources

The applicant does not anticipate any negative effect if the proposed new 48-bed mental health hospital is approved. The project could have positive effects such as the reduction of wait times in the

Letters of support for the applicant include: Mark E. Green, M.D. (Senator), Oba H. Hollie, M.D. (primary care physician), Mental Health Cooperative, Wellness Solutions, and Centerstone. No letters of opposition have been received as of the date of review.

Contribution to the Orderly Development of Health Care

Working Relationship with Existing Providers

The applicant is not currently licensed nor operating and currently does not have a contractual or working relationship with other health care providers for individuals requiring inpatient psychiatric treatment for ages 18-64. The applicant does have a working relationship with local health care providers as it provides inpatient geropsychiatric treatment.

Transfer Agreements

The applicant does not list any transfer agreements with other providers. However, the applicant will transfer to Tennova Clarksville (Montgomery County), an acute care hospital, for individuals requiring acute medical treatment of conditions that are unable to be managed by the applicant. The distance between Tennova Clarksville and the new 48-bed mental health hospital by Unity Psychiatric Services Clarksville, LLC is 0.7 miles.

Training

The applicant will pursue and accommodate opportunities to work with the schools of nursing to serve as clinical sites. The applicant also plans to extend intern rotation opportunities for medical and psychiatric training to medical schools in Nashville and surrounding areas.

Conclusions

1. Under the guideline of 30 beds per 100,000 persons, there are currently not enough beds to service the proposed area. However, 48 additional beds would be around 8 too many. Given that inpatient psychiatric services are necessary for the safety of the patient and/or the community, it would be prudent to have too many beds than too few.
2. The proposed project appears to be economically feasible. Costs for program development and budgeting appear reasonable and documentation supports the availability of needed capital for start-up. The project involves new construction of a 48-bed inpatient mental health hospital.
3. The application for a new 48-bed inpatient mental health hospital would contribute to the

4. The proposed new 48-bed inpatient mental health hospital would provide health care that meets appropriate quality standards. The applicant proposes to assure meeting appropriate quality standards by seeking licensure from the TDMHSAS and accreditation by the Joint Commission. The proposed organizational structure, physical plant, and service delivery model are consistent with current standards.

TDMHSAS supports the construction of the new 48-bed mental health hospital by Unity Psychiatric Services Clarksville, LLC. Unity Psychiatric Services Clarksville, LLC is accessible to low income and indigent patients, increases service availability which will decrease admission time, accepts involuntary admissions, and will serve TennCare and Medicare patients. The addition of the new 48-bed inpatient mental health hospital will contribute to the availability of a continuum of psychiatric services by providing additional locally accessible inpatient mental health treatment for individuals 18-64.

Handwritten signature of Laura Young in cursive script.

Laura Young, Chief Nursing Officer
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